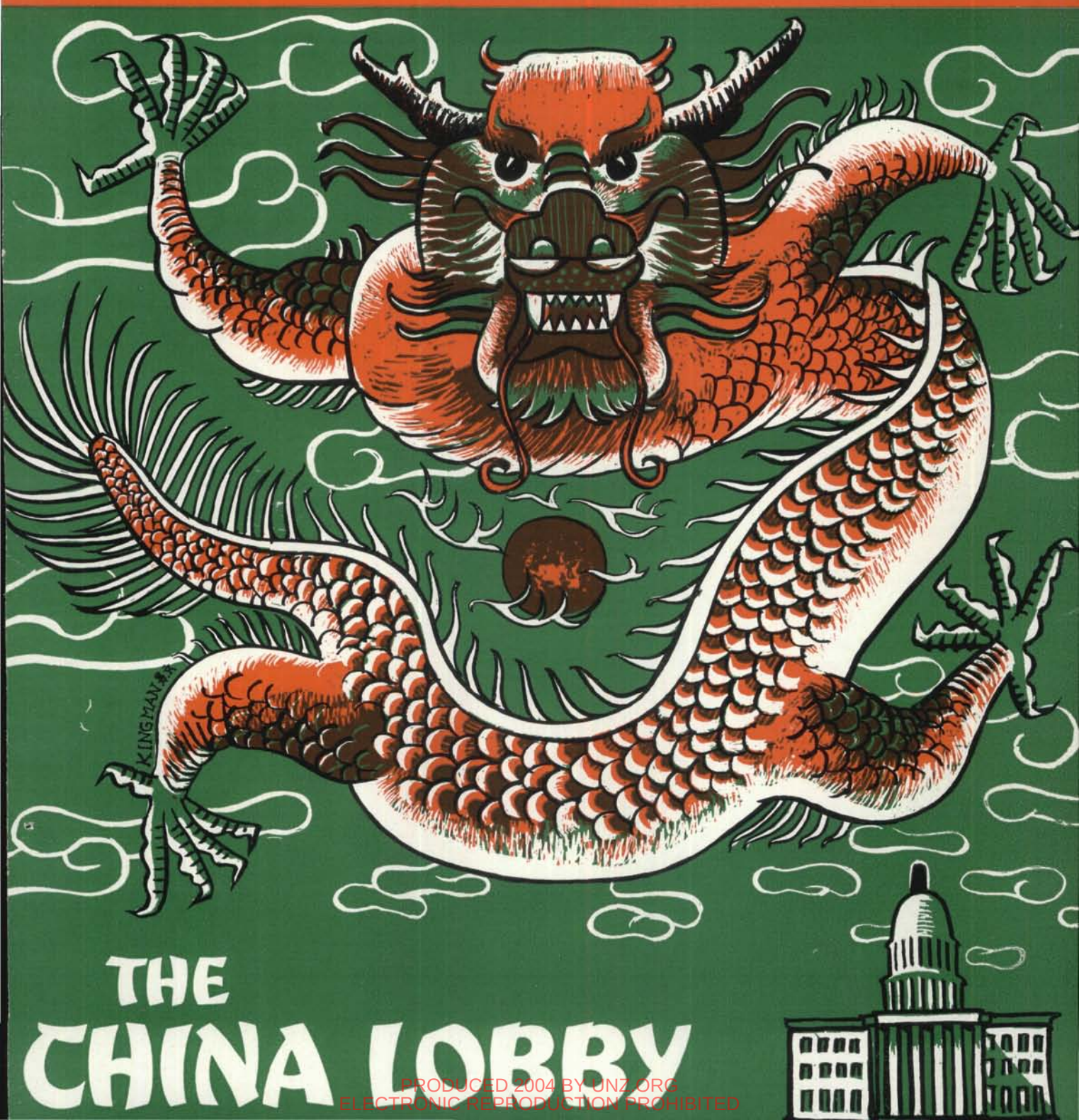
Washington's Darkest Mystery

The Reporter

April 15, 1952 25c



THE CHINA LOBBY

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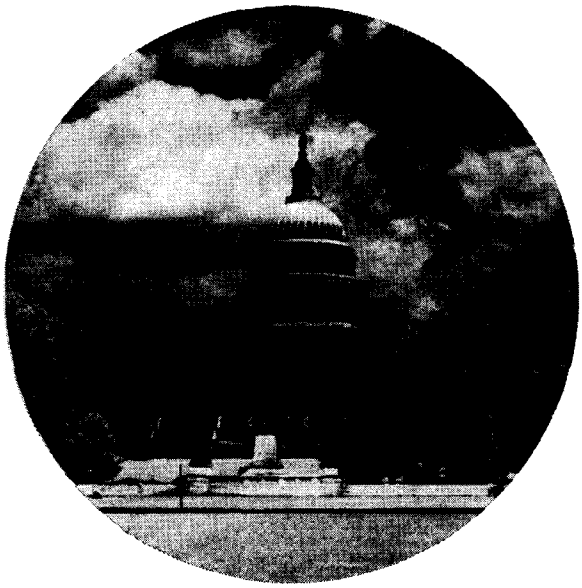
Chiang Kai-shek

Ludwig Rajchman

Alfred Kohlberg



David Kung

H. H. Kung

Chen Li-fu

Madame Chiang

T. V. Soong

Getters of favors, givers of largesse

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The Reporter

A FORTNIGHTLY OF FACTS AND IDEAS

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in this issue . . .

In its articles on the China Lobby, *The Reporter* has had to do something it doesn't like to do—quote persons without revealing their names. This, we found, was often the only way we could get information at all; even so, we were hampered by the evasiveness, fear, and silence of some of the people who know most about the Lobby's operations. **Charles Wertenbaker,** who wrote the story, was formerly Foreign Editor and European correspondent for *Time.* His novel *Sons of the Revolution* will be published in the fall. The gathering of research was done by the writer and a special staff under the supervision of the assistant editor of *The Reporter,* Philip Horton.

Theodore H. White is a European correspondent for this magazine. . . . **Barry Bingham** is editor of the Louisville *Courier-Journal.* . . . **Arthur W. Viner** is on the research staff of the Committee for Economic Development in Washington. . . . **William S. Fairfield** wrote a series of articles for *The Reporter* last summer on Harlan and Bell Counties, Kentucky. . . . **Melvin S. Wax** is on the staff of the Claremont, New Hampshire, *Daily Eagle.* . . . Cover by **Dong Kingman;** inside cover photographs from **Wide World.**

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Starting the Job

THE FALL of Czechoslovakia, more than any other single event, rallied the western nations to that defensive partnership against Communism—the Mutual Security Pact. The fall of China invigorated an entirely different kind of partnership—a partnership between Chinese and American factions eagerly involved in the internal politics of each other's country. The Chinese partners are the agents of a government that can rule China again only if the United States destroys Mao's forces in an all-out war. The American partners are an ill-assorted lot—honest men deeply concerned with the plight of the Chinese people and of Chiang Kai-shek; fanatics possessed by the nightmare of a Communist conspiracy centering on some of America's highest leaders; and politicians who will stop at nothing in their hunt for power.

This partnership of Chinese-American fear, ambition, and greed is the China Lobby—a nondescript tentacular affair that manages to use the craft of professional operators and the good will of well-intentioned amateurs. While what is left of Chiang's army is rusting in Formosa, the Lobby's operators are employing all their mental and financial resources in the United States. In the last couple of years, they have had remarkable success. Once more the big lie has proved to be unanswerable and undebatable. Weird, unsavory characters have made their names famous or infamous—they don't seem to care which—in public life. Yet all this is far from being the exclusive accomplishment of the China Lobby. No deliberate beclouding of issues, no demagogical trickery could have worked so well if the American people had not been baffled and frightened by the fall of China.

DURING the war, Franklin Roosevelt decided that China was to be considered a great power. It was said then that if China did not exist, it would have to be invented, for it was the only great Asian power on which we could count after the war was won. Of all the Asian peoples, the Chinese are certainly the most numerous, and their numbers plus the vastness of their territory were taken as the sure evidence of greatness.

Winston Churchill, an expert on power, could hardly conceal his astonishment when Roosevelt insisted that China had to be one of the wartime Big Four. At the Cairo Conference, where Roosevelt took him to meet Generalissimo and Madame Chiang, Churchill thought the best thing all four could do was to go and take a look at the Pyramids.

For all his knowledge of our country, the half-American Churchill failed to realize two things. The first is the newly developed American habit of adopting favorite or pet countries—Spain (Republican or Franco), or China, or, for that matter, Britain. The second is the particularly warm spot China held in American hearts. The Chinese were different from us and did not care; their civilization was self-contained and yet friendly; they did not try to imitate our ways of living, as the Japanese did so pedantically. Indeed, the Chinese were the pet foreigners of most anti-foreign or isolationist Americans who by patronizing China could pay a safe tribute to the brotherhood of man. China was a sort of Shangri-La, exotic and in its essence unchangeable, yet touristically as well as emotionally accessible. Everything was different in China—even the Communists.

Throughout the war, there was a considerable difference between the official notions about China in Washington and the hard facts of life in China—something like the difference between the legal and the black-market value of the Chinese dollar. Such discrepancies invariably lend themselves to the profiteering raids of speculators.

THE SAME fiat that promoted China to the exalted role of a great world power prescribed that it produce, practically overnight, a fairly efficient and

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honest administration, a reasonably disciplined army, and the checks and balances of western democracy. At the end of the war China was scheduled to become one of the arbiter nations, firmly on the democratic side, with a permanent seat on the Security Council of the United Nations.

The leader of the Chinese Republic, Chiang Kai-shek, had proved his mettle when he kept his nation fighting even after such a disaster as the fall of Canton in 1938. Perhaps this unfortunate man once had the strength to modernize his own government. With enlightened ruthlessness, Kemal Atatürk did this for Turkey. Conceivably, Chiang Kai-shek might have succeeded *if* his power had not been so personal and raw, *if* he had let it become institutional, disciplined, and respectful of other people's rights, *if* after the Japanese surrender he had let Americans run his army and his administration, *if* we had had the officers and administrators to export to China, *if* our people—Republicans included—had been willing to send American divisions to keep order in China and stop the Communist advance.

Having listed all these "ifs," one has to conclude that the odds were against Chiang. When China became a battleground in the world-wide conflict between Communism and democracy, he could be neither his old self, the toughest of the war lords, nor the popular leader of a fighting democracy. Under the floodlight of publicity, his country lost even the privacy of its centuries-old corruption. One after the other, all the causes of Chinese ruin—misrule, Japanese invasion, American misinformation, Japanese surrender, which put too many weapons in the hands of too many trigger-happy Chinese—all tumbled down on the Chinese people and on Chiang until the day of consummation, when Mao won.

AMONG THE causes of Chiang's fall, we have left out one, which was perhaps the most decisive: the reassurance given him by his agents and zealots in America that he need not mend his ways nor reform anything, for a coming election or a Congressional move would open up unlimited, unconditional American support. When China fell, these same people scouted around for culprits among American publicists or State Department officials. They suspected everybody—except themselves.

The extraordinary thing is that Chiang's very defeat won the Lobby professionals almost as much influence over American opinion as they had boasted they had while Chiang was still fighting. Chiang's humiliation and the bewilderment of the American people gave them their richest opportunity.

THE LOBBY now set itself a new, grandiose goal: to undo the Communist conquest of the Chinese mainland. If the United States is dragged into all-out war with Red China by a public-relations-forged chain of destiny, we might, of course, find ourselves alone and friendless. But that does not worry the China Lobby operators, for in their opinion none of our allies except Chiang is worth much, and Europe is doomed anyway. In their effort to manufacture the inevitable, these operators do all they can to dull the people's alertness to the dangers we are facing all over the world and to play on the people's confusion and fear. They keep bludgeoning that branch of the Executive—the State Department—which is supposed to seek political or diplomatic alternatives to impending military conflicts.

In fact, even the victory our soldiers have won in Korea is being misrepresented and frustrated. There democratic armies have come to grips with the Communist Chinese forces and have stopped them—something Chiang could never do. But the setback we have imposed on Mao, the punishment we have given him, cannot be cashed in by our diplomats for even to mention a conditional peace with Mao—the hard peace he deserves—has become evidence of treasonable intentions.

THE PASSION for China seems to have acted like a curse on many outstanding people who were initially prompted by a sincere wish to stem the enemy advance on that forlorn front. The Lobby's full-time professionals have been quite clever in using the names and the reputations of all those who have had anything to do with China and want that country free. It would be a great injustice to confuse the many honest men who still have Chiang's cause at heart with the unscrupulous Lobby operators.

In this series of articles, which will be concluded in the next issue, *The Reporter* has tried to give the historical background and a description of what the lobby actually is and does. We had to go into history, for one of the main efforts of the Lobby is to rewrite recent American history. As for the exposure of Lobby operations, we know that we have done little more than scratch the surface. A publication does not have the power of subpoena. But we thought that the job had to be done and that somebody had to make a start.

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The China Lobby

CHARLES WERTENBAKER

I—The Legacy of T. V. Soong

Charlie Jones's son and a clever Pole set up headquarters in wartime Washington; New Deal here, there, everywhere; half a billion or else; the expediter of history does his job

THE SO-CALLED CHINA LOBBY—which is much more than a lobby, since it exerts a relentless pressure on U.S. foreign and domestic policies—was born in 1940, when China stood alone and gallant against Japan. In June of that year, T. V. Soong, a clever and charming member of China's most powerful family, arrived in Washington, with no title, to get more help for the government of his brother-in-law, Chiang Kai-shek. His companion in this venture was a clever and charming Pole named Ludwig Rajchman, who had been a League of Nations health expert and was well acquainted in diplomatic circles. Now, twelve years later, the thoroughly Americanized Soong has withdrawn to a sort of exile in Riverdale, on the Hudson just above Manhattan. Rajchman too is in a sort of exile; far from Poland, he lives in Paris and runs errands for the Communist government of his country.

For several years prior to 1940, the United States had been helping China on a basis that was considered business-like. Two stabilization credits of $50 million each were granted by the Treasury in 1937 and 1941, and in the interim the Export-Import Bank advanced $120 million against the sale of Chinese products to the United States. But to T. V. Soong, this was a few drops in the bucket of China's needs.

Soong, tall and, for a Chinese, burly, carries himself like a man of consequence. He was educated at Harvard and Columbia and clerked awhile in a National City Bank subsidiary before going back to China to make money. His father, a Shanghai printer named Charlie Jones Soong, had somehow saved enough to send his six children to America for their education and thereby had founded a dynasty. His second daughter married Sun Yat-sen, the founder of the Chinese Republic. His eldest daughter married a seventy-fifth descendant of Confucius (Kung Fu-tse), H. H. Kung, a banker's chubby son known as "Daddy," or to his family as "Chauncey." The youngest daughter married Chiang Kai-shek in 1927, and T. V. Soong, who, one of his sisters said, "knows something about money," was named Minister of Finance in 1928.

In 1933, Chiang, whose relations with T. V. are often rancorous, relieved him of his Ministry and of the Acting Presidency of the Executive Yuan, and for the next seven years Soong devoted himself to the acquisition of a fortune he once estimated at $9 million. (A former friend put Soong's holdings in the United States alone at $47 million by 1944.) Soong's successor as Finance Minister was his brother-in-law, H. H. Kung, who also knew something about money. The bitter rivalry between Kung and Soong, in which Chiang usually took Kung's side, has been attributed in part to the fact that Mme. Kung had grown up to think of herself as the leader of the six children

T. V. Soong

H. H. Kung

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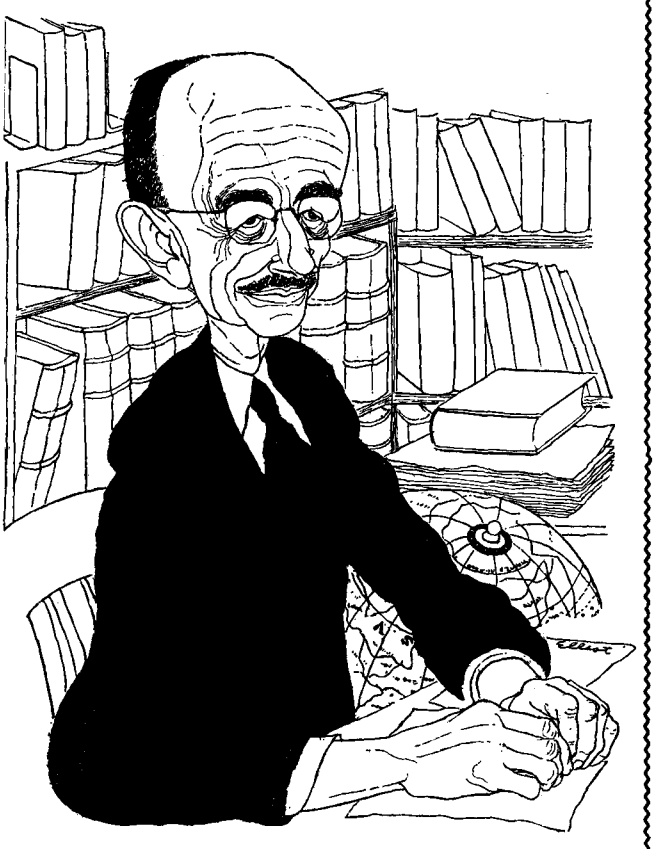
and did not easily yield to her impatient, often scornful younger brother. Mme. Chiang inclined to side with her sister rather than with her brother. The result of this family quarrel was that Chiang hated Soong and was contemptuous of Kung, Soong despised both the others, and Kung put up with Chiang's insults when he had to. But Kung and Soong have had one idea in common: to get all they could get from the United States for China, which in their minds meant China's ruling family. There is a story that when a legalistic American official once questioned Soong's authority to sign a document for his country, since he had no title, Soong replied: "I *am* China."

An American who worked with both Kung and Soong has said of them: "Kung seemed a many-sided character—at once aware of, and capable of dealing in, terms of the highest western standards of public morality and adept at operating in the Chinese milieu of squeeze, graft, family political considerations, pseudo-feudal relationships, and vendetta tactics against opponents. In him, in his days of power, there co-existed the China of the nineteenth century and the nascent modern China that antedated the Communist victory. Soong was more completely western, in the style of the American empire builders of the turn of the century, identifying the potential progress of China with the growth of his own fortunes, contemptuous of his backward countrymen, and buying and drawing to himself Americans of like ambition, greed, drive, and executive ability."

Americans have been impressed by Soong's flair for exotic, expensive gestures. In the spring of 1946 his wife, to whom he is deeply devoted, fell ill. Soong chartered a private plane in Nanking to go to Connecticut to pick up a cargo of dogwood, of which Mme. Soong is particularly fond. The bouquet must have cost between twenty and thirty thousand dollars.

T. V. Soong and Ludwig Rajchman sized up Washington rapidly when they arrived in 1940. Each of them had a highly developed genius for understanding how the disparate parts of a complicated structure like a government bureaucracy fit together. They soon saw that official Washington was a jungle of departments, often with overlapping functions and the usual hostility toward one another. The best way to get something done was to collect influential friends who could circumvent or overwhelm opposition.



LUDWIG RAJCHMAN, born seventy-one years ago of a well-to-do Polish family, was trained as a bacteriologist, and in 1919 was appointed a director of the League of Nations Health Organization. "Lulu" met T. V. Soong, and hit it off with him, when he went on a health mission to China in the early 1920's. A short man who talks with exaggerated precision, Rajchman has always shown a remarkable talent for getting along with conservatives, liberals, and extremists, Right and Left. Josef Beck, Poland's rightist Foreign Minister before the Second World War, found uses for him, as the Polish Communists do now.

Rajchman's Coterie

Rajchman was a past master at collecting influential friends. His sophistication, his charm, and his tough-minded sense of history made him particularly popular among the young New Deal reformers who had suddenly found themselves, somewhat uneasily, reforming not only a nation but a world. A talk with Rajchman was the intellectual equivalent of a trip around the globe. He led the young men from fascinating assumptions, like the one that China was a great power, to breath-taking vistas of things to come on a somewhat leftist wave of the future.

The best place for Soong and Rajchman to have friends was, of course, in the White House, whose master also favored the hypothesis that China was, or would soon turn into, a great world power. In December, 1940, President Roosevelt made his remarks to the press about what to do with your garden hose if your neighbor's house catches fire, and in March, 1941, Congress passed the first Lend-Lease Act. Advised by Rajchman, Soong set up China Defense Supplies, Inc., patterned loosely on the British Purchasing Commission. It was the obvious agency to represent China on Lend-Lease matters. At the President's own suggestion, Soong retained as head of this agency William S. Youngman, Jr., who had been a general counsel for the Federal Power Commission and had Roosevelt's confidence. Soong and Youngman staffed China Defense Supplies with influential Americans and a few persuasive Chinese. The Chinese were the "technical experts," the Americans the "advisers."

Youngman took with him a young lawyer named Whiting Willauer, who had worked with him in the government. The counsel for China Defense Supplies was Thomas G. Corcoran, to whom the White House door was always open. Corcoran's brother Dav-

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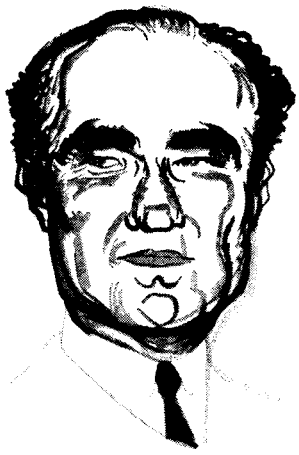
Roy Howard



Henry Luce

id also got a job, as did Harry Price, whose brother Frank was an important missionary in China. These men made good salaries and better contacts. Beyond the official personnel of China Defense Supplies, "Lulu" Rajchman drew to himself a sort of graduate seminar made up of bright young officials whom he introduced to some of the bright foreigners who were assembling in Washington. Soong himself made friends with such White House intimates as Henry Morgenthau, Harry Hopkins, Admiral Harry E. Yarnell, and Lauchlin Currie, and improved his acquaintance with such journalists as Henry Luce, Roy Howard, and Joseph Alsop. Soong once boasted to a State Department official: "There is practically nothing that goes on in your government of which I do not learn within three days." Rajchman went him one better. He claimed results in fifteen minutes.

Muzzling a Reporter

With the way made smooth from top to bottom, Chinese requests for Lend-Lease items would be endorsed by Currie or Hopkins, "expedited" by China Defense men, and supported in Lend-Lease, where, as in other departments and agencies, disciples of Rajchman's or friends of Corcoran's were to be found. The zealots cut across lines of authority for what they considered a noble purpose. The Secretary of State, Cordell Hull, was by-passed and scorned in much the same way that Dean Acheson is now by-passed and scorned by the present friends of Nationalist China. Once the principle that the end justifies the means is firmly established, the means have a way of perpetuating themselves even after the end has been changed. The principle is one that the China Lobby, through all its metamorphoses, has faithfully observed.

Soon after Pearl Harbor, Chiang Kai-shek, with a keen sense of the new value of his resistance to the Japanese, let it be known that a loan of one billion dollars, half from Britain and half from the United States, would be greatly appreciated. The American ambassador in Chungking, Clarence E. Gauss, wrote home that the figure was much too high and would "invite attempts at misuse by banking and government elements," and thereby earned the hostility not only of the banking and government elements in China but also of their friends in the United States.

At about this time, Leland Stowe wrote a series of outraged dispatches for the Chicago *Daily News* Syndicate, only two of which ever saw publication—in the first week of January, 1942. In them he documented the charge that "Because the Burma Road has for years been dominated by racketeers and war profiteers, ten thousand Chinese soldiers have gone without rifles, hand grenades, or munitions." It happened that the owner of the Chicago *Daily News,* Frank Knox, who was also Secretary of the Navy, had been emphasizing in his speeches that Germany took precedence over Japan as an enemy. The Stowe dispatches put T. V. Soong in a fury. Soong, who had become Foreign Minister in December, 1941, protested vehemently to the White House. For a time, the talk in Washington was that China might quit the war. From a high authority came the order to kill the rest of Stowe's dispatches.

A few weeks later, on February 7, 1942, a bill granting China the half billion dollars Chiang had requested went through Congress in record time. The State Department's chief adviser on Far Eastern affairs, Stanley Hornbeck, did his best to get a clause into the agreement providing for consultation about how the credit was to be used, but Soong and his friends were able to override him, and the money was China's to use as its government chose.

The 'Good' Lobby

To the extent that Soong's wartime pressure group was a lobby, it was, in the eyes of nine out of ten of the Americans who helped it, a "good" lobby. The Chinese who pocketed some of the money and the Americans who profited later may have been in it with a degree of cynicism, but to the rest it was a patriotic effort to help a victim of aggression and, after Pearl Harbor, an ally.

Most of the fervor of the early New Deal had been transferred to getting the war won, but it was not uncommon in Washington to hear talk of the post-war New Deal in Britain, in Latin America, in China—even in Russia. Rajchman helped to focus the hopes of those who wanted a New Deal for China on T. V. Soong, although Rajchman must have known that Soong was usually on the outs with the rest of his family, that he had little popular following in China, and that the measure of Chiang's desperation was that he had turned to the brother-in-law he loathed. But Soong was the right man for Washington, and not much news got through from China in those days.

Since the late 1930's China had at-

Whiting Willauer

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tracted many of the ardent anti-fascists who had devoted themselves to the cause of Republican Spain. Journalists, students, and the rootless converged on China from Europe and America; once there, they found themselves of use and importance. Some saw in the Chinese Communists a band more dedicated, more social-minded, and seemingly more patriotic than the Nationalists, and Americans began to read about the Long March and the land reforms. Some went to work for the Nationalist government, at better salaries than they could have commanded at home, and served it as propagandists, although they would not have used that term. Most of them endeavored to be objective reporters, but they were hampered by their admiration for China and by the conditions under which they themselves lived.

It is hard to be objective under bombing, and Chungking was incessantly bombed. It is hard to be objective when censored, and the censorship was strict. It is hard to be objective when the belly is stuffed, and the correspondents were lavishly wined and dined. To the accounts that they were sending home of China's glorious fight were added the reports, going straight to the grass roots, from the missionaries who had been flatteringly entertained by the Christian Generalissimo and his lady.

Happy Sailing

The activities of T. V. Soong and his group, therefore, were carried on under the happiest of circumstances. In the White House was a President determined to make China a great power; Soong had nursed his friendships there, particularly with Lauchlin Currie, one of his closest collaborators. The press treated China as a staunch ally. Private relief agencies, such as United China Relief, collected thousands of dollars for China, and the churches where the missionaries spoke collected thousands of pennies. And yet even in those days of idealism and hope, aid to China was being used as a lever to pry loose more aid.

The men in Washington were largely ignorant of the temptations and pitfalls of international power politics. They were impatient, determined to bring about the ends they sought before a change of the political wind could blow them out of power. And so they developed ruthless techniques that later were to be turned against them and against men who had little or nothing to do with the original controversy. A Tydings who couldn't be purged as a reactionary in 1938 was to be purged as a friend of liberals twelve years later.

There is a man who must smile at all this now. Ludwig Rajchman had a hand in making China a great power, but Mao Tse-tung, not Chiang Kai-shek, is master of the Chinese mainland. Not even Ludwig Rajchman could foresee this outcome during his Washington days, but undoubtedly he did his bit to expedite the process of Chinese history. A free-wheeling Marxist all his life, he sees the work he has done in Washington largely vindicated by the unexpected results. In Washington, however, the wave of the future is not going toward the Left. In fact, the organization that was established there back in 1940, thanks largely to a marginal leftist, has been seized by the marginal Right.

CHURCHILL ON CHINA

"At Washington I had found the extraordinary significance of China in American minds, even at the top, strangely out of proportion. . . . I told the President how much I felt American opinion overestimated the contribution which China could make to the general war. He differed strongly. There were five hundred million people in China. What would happen if this enormous population developed in the same way as Japan had done in the last century and got hold of modern weapons? I replied I was speaking of the present war, which was quite enough to go on with for the time being. I said I would of course always be helpful and polite to the Chinese, whom I admired and liked as a race and pitied for their endless mis-government, but that he must not expect me to adopt what I felt was a wholly unreal standard of values."—Winston Churchill, *The Hinge of Fate*, "The Loss of the Dutch East Indies."

"The President and his circle still cherished exaggerated ideas of the military power which China could exert if given sufficient arms and equipment. They also feared unduly the imminence of a Chinese collapse if support were not forthcoming."—*Ibid*, "My Third Visit to Washington."

"When I visited Washington during the war I used to be told that China would be one of the Big Four powers . . . and most friendly to the United States. I was always a bit sceptical and I think it is now generally admitted that this hopeful dream has not yet come true."—Address to joint session of Congress, January 17, 1952.

AN ARMY HISTORIAN

". . . It would appear that China's major military contribution to the Pacific war in 1942 and 1943 was to contain the equivalent of three or four Japanese divisions. . . . By October 1944, such was American strength in the Pacific, and so lacking in shipping were the Japanese, that China was regarded as a political theater, for military events in China could no longer affect the outcome of the war."—"China as an Ally," a paper presented before the American Historical Association on December 29, 1951, by Riley Sunderland, Office of the Chief of Military History, Department of the Army.

". . . When in the summer of 1944 the Allies broke through the German defenses below Rome the breakthrough could not be properly exploited because so many [cargo aircraft] had been allocated to the China-Burma-India Theater to support General Chennault in an effort about which the services had always had the strongest reservations. When General George Patton made his armored sweep across France he could not enjoy the [full] benefit of air supply because so many [cargo aircraft] had been sent to CBI. The gallant attempt of the [First Allied Airborne Army] to seize the Rhine crossings at Arnhem could not be given the necessary weight because of the allocation to CBI. These considerations the Joint Chiefs placed before the President in October 1944, pointing out to him that the Hump effort was taking heavy toll of the lives of American and British soldiers in Europe."—*Ibid*.

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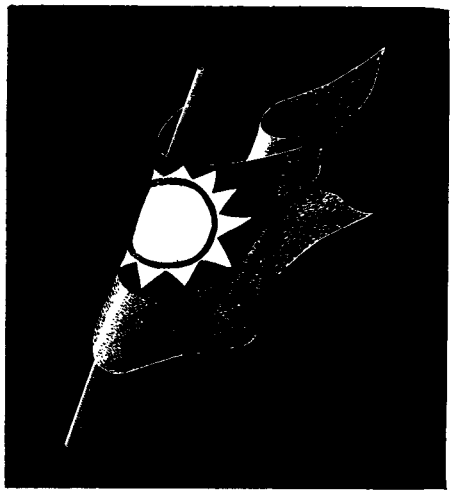

II—The Pattern of Enrichment

The ups and downs of Kung and Soong; $220 million in gold; an air fleet at bargain prices; tin to Red China

"YOU MUST know the truth if China is to be saved," wrote the Australian newspaperman W. H. Donald to his friend Mme. Chiang Kai-shek in 1934, "and the truth is rotten officialdom—squeeze, corruption, militarism, overtaxation. . . . Unless you or someone initiates a move to install honesty quickly, China will die. It is dying now."

That same year Demaree Bess, now of the *Saturday Evening Post*, reported in the *Christian Science Monitor* that the Kuomintang was discredited and that either the Japanese or the Chinese Communists probably would win control of China. Three years later Japan struck, at the Marco Polo Bridge.

In the four years that China alone was at war with Japan, warnings like these were overlooked in this country. After Pearl Harbor, President Roosevelt's policy was that China was a great power or had to be propped up to look like one—as a counterweight to Japan and, if need be, the Soviet Union. This, of course, meant keeping China in the war as an active, if not very effective, belligerent. Since Chiang Kai-shek could say Yes or No to this, the fundamental weakness and disorganization of his government were ignored or played down.

Vinegar Joe

For a time, little criticism of China's military effort was heard in the United States. But as the war went on, U.S. military leaders grew more critical. General Marshall picked General Joseph W. Stilwell to go to China and put more life into Chiang's resistance. Stilwell was carefully investigated by Secretary of War Stimson, who then arranged with T. V. Soong for Stilwell to be made Chief of Staff to Chiang Kai-shek, with virtual control over the Chinese Army. But Soong was afraid to make this clear to Chiang, which was the main reason for the bitter antagonism between Chiang and Stilwell for the next two and a half years, ending in Stilwell's dismissal.

Stilwell's assignment was to create an efficient Chinese Army trained in the use of American supplies. He soon found that he could not make an army out of hungry, barefoot peasants until they were decently fed and honestly paid; nor could he make leaders out of inefficient, grafting officers. In Burma, where Stilwell had the power to pick his generals, the Chinese divisions fought bravely and well.

The feud between Stilwell and General Claire Chennault—whose grandiose plan for developing China as an air theater appealed to the President—was corollary to the Chiang-Stilwell enmity. These quarrels soon involved diplomats, journalists, and the traveling representatives of everybody from the President to the aid societies. It was discovered—and vehemently denied—that Nationalist China was still as inefficient and corrupt as Donald and Bess had reported in 1934.

The conflict in China was reflected in Washington, and Soong's smooth-running machine began to break down. Lauchlin Currie made a trip to China in the summer of 1942, his second; he came back less enthusiastic than he had started out. Soong began to by-pass Currie and deal directly with Harry Hopkins or the President. Yet for a time Currie remained sufficiently deferential to Soong to support the appointment of Whiting Willauer—direct from Soong's own employ—to a Foreign Economic Administration post that gave him supervision over both Lend-Lease to China and purchases from China.

Joseph Alsop, another intimate of both T. V. Soong and Rajchman, went to China on a Lend-Lease mission, with a pipeline to the White House. He stayed to join Chennault and become a bitter critic of Stilwell and of the State Department men who believed in military collaboration with the Communists. Yet these men have had no more gallant defender than Joseph Alsop against the charges that *they* were Communists.

By 1944, T. V. Soong had returned to China, gone through one of the Generalissimo's celebrated teacup-smashing tantrums, devoted himself for a time to the Chinese classics, and had once again been restored to power as Premier. With Soong up, Kung went down, and out as Minister of Finance.

Soong must have been well aware of some of the uses to which American aid was put in China. Under the eleven-year Ministry of Dr. Kung, those on good terms with the Minister of Finance had taken their cut of this aid—nothing unusual in a country where government-by-family had become a habit. The $500-million stabilization fund of 1942, on which the U.S. Treasury had pinned so much hope, was used to the hilt; Mme. Kung, for one, would buy Chinese dollars on the Shanghai exchange just before new credits to the fund were publicly announced, then sell when the announcement sent the currency up temporarily—thereby, of course, helping to send it back down.

The twenty-to-one fixed rate of exchange between the Chinese and the

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U.S. dollar that the Treasury had pressed for, before Pearl Harbor, enabled the Chinese government to sell currency to the U.S. Army at many times its open-market value, and to help its friends by buying their Chinese currency with U.S. dollars at the fixed rate. About $220 million of the $500 million that Soong got in Washington in 1942 was used to buy gold from the United States, ostensibly to stabilize the currency. Much of it was put on sale in China under circumstances that allowed insiders to make big killings in a single evening. One of the largest purchasers was Jeannette Kung, the Minister's second daughter.

Two hundred million of the $500-million loan was put aside to be used for eventual redemption of U.S.-dollar bonds and savings certificates issued by the Chinese government. The bonds were never redeemed, but the well-informed were able to unload before the redemption clause was publicly revoked. The savings certificates were quickly taken up by those who knew—as the general public did not know—that they, unlike the bonds, would in fact be redeemed. T. V. Soong, it has been reported, invested five million U.S. dollars in these securities as a patriotic duty. The Kung family, by the same report, was fourteen times as patriotic; its members invested $70 million. "It is most unfortunate," Henry Morgenthau wrote to T. V. Soong in 1945, "that the impression has arisen in the United States that the $200 million of U.S. dollar certificates and bonds and the gold sold in China have gone into relatively few hands with resultant large individual profits, and have failed to be of real assistance to the Chinese economy."

One day in 1945, after Dr. Kung had left the Ministry, his luggage was opened during a flight over the Hump into China and was found to contain a million dollars in cash. He said at the time that $9 million more was in New York awaiting shipment to him, and that the million he was carrying was insured in the United States for safe transit. In short, Dr. Kung really didn't much care. The air-force officials, who were forbidden to carry such cargo, made a hasty compromise. Chauncey and his baggage stayed on the plane, but the other nine millions stayed in New York.

As Premier, T. V. Soong got rid of Kung, but not of the government's old financial habits. T.V.'s brother T.L. ran the export-import office. Another brother, T.A., ran the salt-tax bureau. When UNRRA aid began flowing into China in 1945, T. V. Soong tried to bring its distribution under his control. This gave rise to bitterness, confusion, and inefficiency, as a result of which UNRRA fired its chief of mission and director of operations—the latter over the strong protest of Premier Soong. Chinese attacks on UNRRA began.

The reorganized staff stood by its guns and soon discovered that relief supplies were being mishandled. There were reports, for instance, that blood plasma was being sold on the black market. Congestion in the port of Shanghai and delays in landing essential supplies in favor of black-marketable material got so bad that UNRRA's Director General, Fiorello La Guardia, imposed a temporary embargo on most shipments.

Alfred Kohlberg

Feeding the CAT

Among those Americans with whom Soong had grown friendly in Washington were Whiting Willauer and General Chennault. In 1948 Soong helped Chennault and Willauer become owners of a highly profitable airline. Civil Air Transport, or CAT, grew into China Air Transport, and now operates in the Philippines, Korea, Formosa, and Japan—the largest privately owned airline in the Far East. This was probably one of the neatest examples of the use to which American relief was put.

Arguing the prospect of a serious famine in the interior in 1946, Chennault and Willauer, who was then practicing law in Shanghai, enlisted the support of T. V. Soong and Mme. Chiang for a proposal that UNRRA provide the equipment for an airline to fly relief supplies to remote provinces. Chennault was to run the airline. Since China already had two airlines, the proposition was opposed as wasteful by all responsible UNRRA officials, and was turned down by La Guardia. Chennault and his old friend Tommy Corcoran, however, continued to high-pressure La Guardia, and shortly before he resigned as director he was called in for consultation by the State Department and told that both Soong and Madame Chiang had insisted on the need for the airline. La Guardia reversed himself.

UNRRA earmarked $1,675,000 for planes and equipment and bought twenty-two U.S. Army Air Force surplus transports for a total cost of $425,000, or less than $20,000 per plane, about one-tenth of their original value. Another twenty-five planes were supplied at $5,000 per plane, with the stipulation that they be cannibalized for spare parts; later, on the payment of an additional $7,000, some of the twenty-five were released for flying. Under their agreement with the Chinese, Chennault and Willauer were to put up a million dollars in operating capital. They had to put up nothing to buy planes and equipment; they were allowed to buy them out of the profits

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Mme. Chiang

Lauchlin Currie

of the airline, which carried relief supplies to the interior at a fixed rate, but came back loaded with commercial cargo at whatever rates the traffic would bear.

Although China was pressed for dollars, Chennault and Willauer, as good friends of the government, were able to exchange their Chinese dollar profits for U.S. dollars at the fixed rate of exchange. The open-market rate, which determined the prices CAT charged, was many times the legal rate. And so the planes, which cost the American taxpayer about $200,000 apiece, became the airline's property for a small fraction of that.

'Talking to' Senators

Thus, in part, was the membership of the expanding China Lobby enlisted and rewarded. General Chennault has been one of the most persistent lobbyists for the cause of Nationalist China, and his counsel, Tommy Corcoran, has continued to do favors for T. V. Soong. Chennault testified for China aid in 1948, when an application to operate his enlarged airline commercially was under consideration by the Chinese government, and still later said he had "talked to" eighty-five of the ninety-six Senators about legislation to give aid to the Nationalists. He has signed a score of articles for magazines and newspapers, ghost-written for the most part by Scripps-Howard's Clyde Farnsworth and a former *Time* correspondent, Edward B. Lockett.

A minor foreign-exchange scandal and a major quarrel with Chiang over control of China's economy (by this time heavily dominated by the military) forced T.V. Soong to resign as Premier in 1947. With Soong down, Kung went up, or at least regained control of the Bank of China. Shortly after that, Kung moved to the United States, transferring his office to the New York agency of the bank. Soong, after a sojourn in Europe, also came to this country, and the government was left in the hands of Chiang Kai-shek and the "CC Clique" of the brothers Chen.

How much of the American money sent to China has returned to this country for one purpose or another—pump priming for further assistance or just for personal enrichment—will probably never be known; government agencies cannot even agree on how much money has gone *to* China. Estimates of the latter, confused by different methods of computing material aid, vary from $5 billion down to $3.5 billion. Overseas holdings of private Chinese have been estimated at as much as $3 billion, and seldom at less than one. Some of this money has been

CHINESE REACTIONS TO U. S. POLICY

U.S. military and economic aid to China during the civil war aroused a uniformly hostile reaction among both liberal and Kuomintang elements in the Chinese public and press.

The Chinese liberals began insisting soon after V.-J. Day that U.S. aid was encouraging the Nationalists to wage "all-out war" against the Communists. In November, 1945, the liberal newspaper *Wen Tsui* published an article entitled "Please Leave Our Country, Troops of Our Ally." The *Wen Hui Pao* protested: "You [Americans] profess to have come to save the Chinese people but in reality you are helping to massacre them." At the end of 1947 the moderate *Ta Kung Pao* denounced U. S. foreign policy as "arrogant and narrow-minded," because, it alleged, the United States was using other nations to further its aims of world domination.

The conservative newspapers combined a policy of nationalistic anti-U.S. agitation with persistent demands for increased American aid. They tried to gain popular support for a policy of opposing U.S. intervention. The Tientsin Catholic *Yi Shih Pao* compared General Wedemeyer's unfavorable remarks about the Kuomintang reactionaries to a "box on the ears," and called for more nationalistic self-reliance. In February, 1948, *Shih Chieh Jih Pao*, organ of the ultra-conservative CC Clique, said: ". . . all American projects of aid for foreign countries . . . are contemplated with American interests in mind," and pointed out that the U.S. Lend-Lease concept was "tantamount to admitting that the United States wanted other people to bleed more so that the American people would bleed less."

The conservative *Sin Wen Pao*, deploring American feelings of arrogance, observed: "The American public has long since ceased to look upon the Chinese as spiritual equals." In October, 1947, *Ta Kung Pao* went so far as to accuse the United States of realizing the Japanese dream of a New Order in Asia. Yet simultaneously the Nationalists demanded increased American aid. *Shih Chieh Jih Pao* declared in June, 1948, that the $400-million Congressional appropriation for China was wholly insufficient. In October, 1948, the conservative *Yi Shih Pao* accused the United States of bad faith for not giving more aid.

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used for speculation. Some has been used to persuade the United States to be even more open-handed.

Tin to Tientsin

A few weeks before the outbreak of the Korean War, a group of prominent Chinese bought 6,986,000 bushels of soybeans on the Chicago Board of Trade at $2.34 a bushel. Five days after the Communist invasion of South Korea the price went to $3.45. In August and September, 1949, the Yangtze Trading Corporation illegally shipped tinplate to Communist-held Tientsin. For this, the corporation was barred from licensing for trade with any country for three years. The largest stockholder in the Yangtze Trading Corporation is H. H. Kung's son David.

Early in 1950, Alfred Kohlberg, a once obscure textile importer who by this time had come to have a profound interest in the fortunes of Nationalist China, wrote a joint letter to Drs. Kung and Soong, which was inserted with their replies in the Congressional Record by Senator William Knowland. Mr. Kohlberg quoted an item in *Newsweek's* "Periscope," which had said: "The Administration has an ace up its sleeve in case criticism of its Formosa and China policy becomes too hot. It is ready to disclose how Chinese Nationalist officials sold out their country by transferring personal funds and assets to the United States. The Treasury has the names and figures at its fingertips." Mr. Kohlberg suggested that Drs. Kung and Soong authorize the Treasury to publish the figures after their names, "as statements such as the above are a gross exaggeration."

Dr. Soong replied that he "did not choose to dignify the untruthful attacks by pro-Communists in the American press by any notice"—thereby becoming the first person to call *Newsweek* pro-Communist—but later he authorized publication of the figures. Dr. Kung, who knew better than *Newsweek* how little the Treasury knew, wrote under the letterhead of the New York Agency of the Bank of China that he was "perfectly agreeable" to the publication of his "personal" accounts, and added: "Owing to the Communist troubles, I have lost all my businesses and properties in China. What I was able to salvage was barely enough for the maintenance of myself and family for the time being."

III—Voices In the Wilderness

A coalition everyone wanted; pioneers —missionary Judd and trader Kohlberg; Hurley statesmanship; fancy Plain Talk

For a time after T. V. Soong left Washington, late in 1943, there was no effective pressure group for China at work in this country, except for the devotees Soong and Rajchman had left behind. For a time, there was no need for high-powered Chinese in Washington, since high-powered Americans had acquired the habit of going to Chungking—people like Wendell Willkie, Vice-President Wallace, and men whom Franklin Roosevelt wanted to get out of the way with a vague assignment. By and large, with the help of the American pilgrims, Chiang got what he wanted—even on so controversial a matter as the firing of General Stilwell.

The Administration and the people who later became its harshest critics seemed to agree on most points. There was then what may be called a bipartisan foreign policy—even about relations with the Red Chinese. Ambassador Patrick J. Hurley, who first had gone to Chungking as the President's envoy, flew to Mao Tse-tung's humble headquarters in Yenan, where he amiably shouted "Yahoo!" while performing an Indian war dance at a Communist banquet, and then settled down to discuss terms for a coalition government. In the spring of 1945, General Hurley went to Moscow to talk over the Nationalist-Communist controversy with Generalissimo Stalin, and later reported that he and the Russians saw eye to eye on the whole problem.

Later the concessions that the United States had made to Russia at Yalta, at China's expense, were to put the Administration permanently on the wrong side of the China enthusiasts. But when the Chinese-Soviet treaty, in which China agreed openly to what Roosevelt and Churchill had promised secretly, was signed on the day of the Japanese surrender, it was hailed exuberantly by most of the American partisans of Chiang. To cheer up his friend T. V. Soong, who feared that he had signed away too much in Moscow, Henry R. Luce ran an editorial in *Life* lauding the treaty, and in the November *China Monthly* Alfred Kohlberg praised President Truman for inducing the Russians to be so reasonable at Potsdam.

On V.-J. Day, Manchuria was oc-

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cupied by Soviet troops. North China, where there were nearly three million Japanese soldiers and civilians to be evacuated, was occupied by the Chinese Communists. This posed a problem totally unlike any in Europe. Secretary Acheson stated it six years later at the MacArthur hearings: "They were people who had a defined area, with a large population subject to their control, 116 million. They had a government of their own; they had an army of their own; and in effect they had a separate country within China, and the task was to put these two things together so that there would be one country and one government."

In the fall of 1945, practically everybody in Washington would have agreed. The late James V. Forrestal, one of the few who were already worrying about our relations with Russia, wrote: "The most important military element in the Far East favorable to the U.S. is a unified China, including Manchuria, friendly to the U. S." The way to get a unified China was either by waging war against the Chinese Communists and the Soviet forces in Manchuria or by trying again to reconcile the Nationalists and the Communists. No one was crying for war. In a cable of December 7, 1945, Generals MacArthur and Wedemeyer and Admiral Spruance suggested that "U.S. assistance to China . . . be made available as a basis for negotiation by the American Ambassador to bring together and effect a compromise between the major opposing groups in order to promote a united democratic China." Nor was the idea of negotiation and eventual coalition a forcible import into China from the West. Off and on, the Kuomintang and the Chinese Communists entertained the possibility of burying the hatchet. Occasionally they did bury it.

The Early Worriers

For all this superficial harmony, the elements of a new pressure group were already in being; after V.-J. Day they rapidly began shaping themselves into a loose coagulation. This group would eventually include the "realists" who saw the dangers of a Communist victory in China, the opportunists concerned either with their own enrichment or the aggrandizement of the extreme Right, and the evangelists—incorruptible themselves and refusing to believe that a government led by Chiang could be corrupt beyond redemption. In the latter stages of the war, all these voices had begun to be heard. One of them belonged to a Congressman from Minnesota, Dr. Walter Judd.

Dr. Judd had begun his public career as a crusader against the exploitation of China by foreigners, including his countrymen. He had gone to China in 1925 as a medical missionary and had run a hospital in Shaowu, Fukien Province, a region infested with malaria and bandits, for five years, until forty-six attacks of malaria forced him to return to the United States. After two years he had gone back to head a hospital in Fenchow that became a haven for both Nationalists and Communists fleeing before the conquering Japanese armies. After the capture of Fenchow in February, 1938, Dr. Judd had stayed on for five months, observing the Japanese at first hand. Then he went home and conducted a slimly financed speaking tour that lasted two years and covered forty-six states.

Dr. Judd spoke before mission boards, in churches, in the open air—anywhere he could get an audience. He spoke about the danger of Japanese expansion and the need of justice for China. At that time he had good things to say about the Chinese Communists. In Pittsburgh one Sunday in 1938, he spoke five times under the auspices of the Committee for Boycott Against Japan, which had been organized by a local businessman named Frederick C. McKee. This was the beginning of a long association.

The idea that Dr. Judd run for Congress came from the Minneapolis *Star and Tribune*, owned by the Cowles brothers. Dr. Judd is reported to have "laughed it off" at first, but the newspaper got his campaign going, and he won the Republican nomination and the election. That was in the fall of 1942.

In Congress Dr. Judd remained a liberal and a missionary. He was quoted in the *Nation* as saying: "I want to do all I can for China. Two very practical things can be done: to end the poll tax and the immigration Exclusion Act. Both of them rankle in the mind of the Orient. We may win the war without getting rid of them, but we won't be able to prevent another one." He was largely responsible for the passage, in 1943, of the Magnuson bill repealing the Chinese Exclusion Act. In November, 1943, he said that the United States must "make

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clear its own intentions in the Orient in view of Prime Minister Churchill's declared intention to re-establish the British Empire in the Far East."

Up to 1944, Dr. Judd had little, if anything, to say against Franklin Roosevelt's policies in the Far East. But in that summer he charged that China was getting only enough military supplies to enable the country to hang on. After a trip to China he campaigned vigorously for Governor Dewey. In March, 1945, Dr. Judd, no longer a friend of China's Communists, made a major speech in Congress on China, in which he pleaded for patience with a government that had been fighting a losing war for seven years. "In a sense, if one wants to be cynical," said Dr. Judd, "Chiang Kai-shek has made only two major mistakes. One was that he did not give up at the end of the first three months of the war. . . . The second mistake . . . is that he did not completely clean out Communists in 1938 and 1939, when some of his generals wanted him to."

This, in the early days, was the voice of Dr. Judd, then as now a selfless, altogether dedicated man who had seen China suffer and had suffered with it. There were other such voices, among them Henry Luce's.

The Pattern Is Embroidered

A shriller voice was that of the aforementioned importer of Chinese embroidery, Alfred Kohlberg, against whom in 1943 the Federal Trade Commission issued a cease-and-desist order for selling Chinese-made lace under fancy European names. About the same time, Mr. Kohlberg began to show active dissatisfaction with American policy in China and started his long hunt, which is still in progress, for the culprits.

His first major target was the Institute of Pacific Relations, an international organization devoted to Far Eastern studies, which has been a target of the McCarran subcommittee since last summer. Though Mr. Kohlberg had been an obscure member of the Institute for many years, it was not until the war that he became critical of its activities. He was also at the time a director of the American Bureau of Medical Aid to China, and thus in a position to expand his contacts with important Nationalists. He came to know H. H. Kung, Archbishop Paul Yu-pin, various Nationalist generals, and eventually the Generalissimo himself. Mr. Kohlberg soon became convinced that our Embassy in Chungking was the center of a plot to discredit the Nationalist government. This, in turn, reinforced his suspicions about the occasional criticism of Chiang and his régime to be found in I.P.R. publications. The Institute, as a research agency, was in frequent contact with the State Department, particularly with its China hands.

This was all that Mr. Kohlberg needed to go on. In the fall of 1944, he started a one-man campaign within the Institute to "clear it of Communists." The fight was to last for two years before Mr. Kohlberg's defeat by a vote of the membership, but Henry Luce thought there was enough in the charges to withdraw his subscription and that of Time, Inc.—a position that was to be reversed in 1951, when the subscriptions were restored.

The first public hints of trouble to come were provided by two famous episodes in 1945. The first of these was the *Amerasia* case, which broke

Congressman Walter Judd

in the press in June; the second was General Hurley's resignation as ambassador to China in November.

The *Amerasia* Case

The *Amerasia* affair, originally played by the press as a case of espionage in the State Department, involved six people who were charged before a grand jury not with treason but with "conspiracy to embezzle and remove official documents without permission." Of the six, three were government employees: John Stewart Service, a young State Department career man who had been attached to General Stilwell's staff in China as a political adviser; Andrew Roth, a reserve lieutenant in the Office of Naval Intelligence; and Emmanuel Larsen, a wartime employee of the State Department. The other three were Philip Jaffe and Kate Mitchell, editors of *Amerasia,* a left-wing magazine on Far Eastern affairs; and a free-lance writer named Mark Gayn. The documents seized in the *Amerasia* office were classified reports from the Office of Naval Intelligence, the State Department, the Office of War Information, and other agencies.

After sitting for several weeks the grand jury concluded that there was no proof that any of the documents had been stolen, though there were indications that some had been loaned out. It also concluded there was no evidence of treasonable intention in connection with the documents, and very few of them could be considered as seriously involving the national defense. In the end the grand jury refused to indict Miss Mitchell, Mr. Gayn, and Mr. Service. The latter was forthwith assigned to the staff of General MacArthur in Tokyo. Of the three indicted, Mr. Jaffe pleaded guilty and was fined $2,500; Mr. Larsen pleaded *nolo contendere* and got off with a fine of $500; and the Justice Department decided not to prosecute Lieutenant Roth for lack of evidence. Since then the *Amerasia* affair has been reviewed by a committee of the House in 1946, by a special grand jury in New York in 1950, and by the Tydings Committee in 1950. None of these had any serious disagreement with the original disposition of the case.

Hurley's Farewell

In late November, 1945, General Hurley abruptly resigned as ambassador to China, publicly charging that "a considerable section of our State Department is endeavoring to support Communism generally as well as specifically in China." Had it not been for the gravity of the charges, the subsequent hearings before the Senate Foreign Relations Committee would have come near being high political farce.

The irascible and talkative General displayed a marked gift for bewildering his audience. He identified the Chinese Communists with "the imperialist bloc of nations" that was trying to keep China divided. He said: "Russia is not supporting the Communist Party in China. Russia does not want dissensions or civil war in China."

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He said he had agreed fully with the U.S. policy of getting the Communist and Nationalist armies to collaborate against the Japanese. He attacked the foreign-service officers who had made contact with Communist leaders toward that end. He said that he and the Russians agreed that the Chinese Communists were not real Communists at all. "The Communist Party of China," he stated, "is supporting exactly the same principles as those promulgated by the Nationalist Government of China." At a National Press Club luncheon the very day after he had made his "pro-Communist" charges against the State Department, the General said: "The only real difference between Chinese Communists and Oklahoma Republicans is that the Oklahoma Republicans are not armed."

In the end it remained for Secretary Byrnes to testify that two of the foreign-service officers General Hurley had tagged as pro-Communists were Mr. Service and George Atcheson, Jr., that there was nothing to the charges, and that the United States needed free and honest reporting by its foreign-service officers. The hearings petered out.

About the time of the hearings, Archbishop Paul Yu-pin, one of the Generalissimo's closest advisers, whom Hurley had come to know well in China, was making one of his visits to the United States. In the midst of the *Amerasia* affair, he had begun circulating stories about the "pro-Communists" in the American Embassy at Chungking. He also reported that the same men were responsible for rupturing the close friendship (which had never existed) between General Stilwell and Chiang Kai-shek; and that John Service had once gone to Moscow expressly to help the Chinese Reds. (Actually, he has never been there.) On September 19, 1945, Chiang himself wrote General Hurley repeating the "pro-Communist" charges against John Service and George Atcheson.

General Patrick J. Hurley

At the time General Hurley was considering his resignation, one of the Chinese representatives at the U.N. came down to Washington "to warn me again," in the General's words, "that . . . the idea was to get me over there and find some pretext for public discharge." Just before his resignation, General Hurley had been assured by both the President and Secretary Byrnes that he would have their full support on his return to Chungking. Apparently he thought more highly of the word of his Chinese friends.

Plain Talk's Accusations

For Alfred Kohlberg, the *Amerasia* and Hurley episodes, coming in the midst of his campaign against the I.P.R., were a windfall. Taken together, they enabled Mr. Kohlberg to associate John Service—and through him other officers of the State Department—with what had once been called a case of espionage. What was missing from the Service case could be supplied from the Hurley charges, and vice versa.

In October, 1946, Mr. Kohlberg brought out the first issue of his magazine, *Plain Talk,* edited by Isaac Don Levine. The lead article was "The State Department Espionage Case," signed by Emmanuel S. Larsen, one of the defendants in the *Amerasia* affair. This was heralded as "the story of a highly organized campaign to switch American policy in the Far East . . . to the Soviet line." The article said that there was a "pro-Soviet" group in the China section of the State Department, and went on to implicate Mr. Kohlberg's favorite targets, including John Service, John Davies, John Carter Vincent, General Marshall, Owen Lattimore, General Stilwell, and Henry Wallace. For almost four years the article was accepted as a truthful confession. Then

CHINESE COALITIONS

The idea of a Chinese coalition government composed of both Communists and Nationalists was neither imported from nor imposed by the western powers. The principle was in fact a vital one in early Kuomintang policy, and in 1924 the Communists were brought into the Kuomintang by Sun Yat-sen. The step presumably had the approval of the top Kuomintang military man, Chiang Kai-shek, who had not long before returned from Moscow. Sun died in 1925. The following year Chiang, supported by the coalition of Right and Left, began the "Northern Expedition," which destroyed the most obnoxious war lords and consolidated Chiang's own leadership. In the spring of 1927 Chiang's armies reached Shanghai, and Chiang decided to get rid of the Communists. His policy shift was backed by enough armed force to curb Communist power for the time being. In June, 1928, Chiang's National Government was established in Peiping.

From 1930 to 1936 Chiang engaged in five successive "Bandit Suppression" campaigns, forcing the Communists to make their famous "Long March" into mountainous Shansi Province. In 1931 the Japanese invaded Manchuria. In 1932 the Communists declared war on the invader; in 1936 they appealed to Chiang for help. Pressure on him to renew the coalition *continued from other sources.* In December, 1936, "Young Marshal" Chang Hsueh-liang kidnaped Chiang in an attempt to impress upon him the necessity of fighting the Japanese. Chiang took some time to think it over, but in September, 1937, he accepted a military alliance with the Communists. The Communist army was reorganized as the Eighth Route Army, under Chu Teh.

In 1941, the "Fourth Army Incident," a serious clash between Nationalist and Communist military forces, brought on another break between the two groups. Throughout the Second World War and after V.-J. Day, Chiang continued to make truce offers. General Marshall's mission in 1946 was the culmination of this effort.

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John Stewart Service

in 1950 at the hearings of the Tydings Committee, Mr. Larsen pulled a surprise: He produced the original manuscript of his article, entitled "They Called Me a Spy."

After four years of silence, Mr. Larsen told the Tydings Committee the story behind the story. This was it:

Two former FBI agents named Theodore C. Kirkpatrick and William Higgins, Jr., who were hired in 1946 by Mr. Kohlberg, went to see him in Florida and persuaded him to come to New York. After a pleasant evening with Mr. Kohlberg, Mr. Larsen holed up in the Hotel New Yorker to write an article. A few days later Mr. Levine read it and said: "This is a hell of a mess." Mr. Larsen had not described John Service's reports as being Communist-inspired; he had failed to pin the pro-Soviet label on the State Department or its foreign-service officers ("I do not believe and I did not believe then," Mr. Larsen told the Tydings Committee, "that there was a pro-Soviet group in the State Department"); he had not attacked General Stilwell ("I did not mention Stilwell, yet Stilwell was violently attacked in there"); nor did he declare that General Marshall's mission was "designed to promote Soviet expansion on our Asiatic frontier."

Mr. Larsen protested strongly against calling his story "The State Department Espionage Case" when he had seen no evidence of espionage. "Levine kept on telling me that it would defeat the whole purpose of the article if we did not call it the Espionage Case," Mr. Larsen told the Tydings Committee. Mr. Kohlberg had said "that he and his editor had in their files a great mass of material that would substantiate their viewpoint and their contention that . . . there was a far-reaching plot within the State Department to pervert the policy of the United States in favor of the Chinese Communists." They had showed Larsen a steel filing cabinet full of material, including extracts from official dispatches, photostats, and documents on the *Amerasia* case, which presumably had been available only to the grand jury and the Hobbs Committee. It was enough, in any event, to persuade Mr. Larsen to allow his employers to rewrite the article.

"If true," summed up the Tydings Report, "the action of Levine and his associates in connection with the *Plain Talk* article is one of the most despicable instances of a deliberate effort to deceive and hoodwink the American people in our history."

1946—Year of Indecision

Yet at that time, 1946, Mr. Kohlberg and his men were the members of a small sect with no great prestige—voices in the wilderness.

The newspapers of 1946, the year of the Marshall mission, were full of editorials reflecting the people's concern that America might become involved in civil war in China. That was the year the American people became most disturbed over the Nationalists' behavior. Back in March, 1945, Walter Judd had made his speech pleading for patience; now patience had worn out. Correspondents, relieved of wartime censorship, were reporting that corruption was worse than ever.

Nineteen forty-six was the year that UNRRA shipments to China were stopped because of black marketing and other abuses, the year Chennault and Willauer, with help from T. V. Soong, set up their airline with UNRRA-bought planes. That was the year that capital fled from China as never before. It was the year that even Mr. Luce's patience ran out; *Time* published a three-column documented indictment of "the corrupt inefficiency of the National Government" by its Shanghai correspondent, William Gray. Mr. Gray reported that the Kuomintang's "bitter-enders" were smugly asking themselves: "What can the Americans do but continue to support the Central Government, in view of the ideological tie between China's Communists and Soviet Russia?" But the strength of that tie was not clearly seen by most Americans in 1946.

The Marshall Mission

And so General Marshall was sent to try the only policy that everybody agreed on—to bring about peace between two untrustworthy antagonists, each confident he could destroy the other. While General Marshall tried to bring about a coalition government, Chiang and his bitter-enders were itching to go after the Communists. And the Communists by their actions showed an equal readiness.

When General Marshall returned home at the beginning of 1947, having failed in his mission, little if any criticism of his efforts was heard; his appointment as Secretary of State in January was a popular one; no Senator voted against confirming it. Not until later was it to be charged against him that he had asked Chiang to disband many of his divisions (as William Bullitt was also to ask, in the interest of efficiency) and that he had cut off military supplies to the Nationalists for several months (as he had done to maintain his good faith as negotiator).

At the end of 1946, when full-scale civil war in China broke out again, there were present in America all the disparate elements that would come closer and closer together as the so-called China Lobby, and all the conditions for its consolidation and power. Three factors operated to hasten the process. One was the change of political climate in the United States. Another was the transfer of power in Washington from the White House back to Congress. The third was disaster in China.

John Carter Vincent

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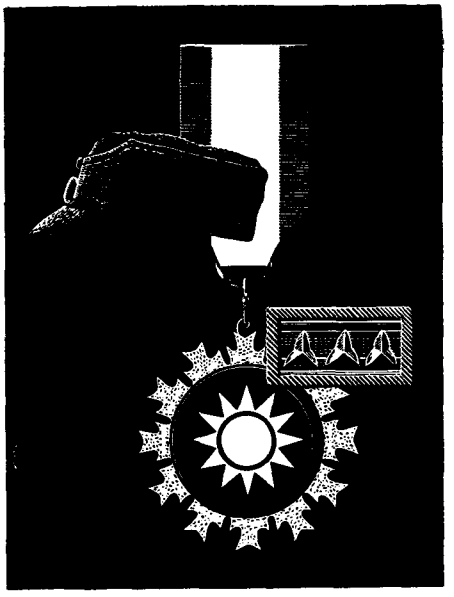

IV—Years of Disaster

Bad news from Bullitt and Wedemeyer; the war is lost, the new Lobby is born; Dewey's defeat and Chiang's retirement

In March, 1947, the Chinese Nationalists captured the Communist capital, Yenan, and Chiang Kai-shek told the American Ambassador, J. Leighton Stuart, that he would have the civil war won by the end of the summer. Instead, within a few months Chiang had lost his chance of mounting an all-out offensive that could destroy the Communist armies. Something had gone wrong.

By V.-J. Day, Chiang Kai-shek commanded the finest Chinese army in modern times. With American military advice and American Lend-Lease totaling more than $600 million in the ten months after the Japanese surrender, the Nationalists could confront Mao with six first-class (by any standard) divisions, thirty-three divisions which had some U.S. training and equipment and were excellent by Asian standards, and two hundred or so more of inferior equipment and quality. In the fall of 1945, U.S. LSTs and planes ferried Chiang's troops into previously Japanese-held cities in north China and Manchuria to give them strong footholds in areas where in many cases the countryside had been long dominated by the Communists. Fifty thousand American Marines arrived to garrison Peiping, Tientsin, and Tsingtao. The United States was doing a great deal for Chiang—as much as or more than the "Get 'the boys' home" temper of Congress and the people would permit.

Then came the truce negotiations, which stretched out wearily and inconclusively for a year. At the full-scale resumption of the civil war early in 1947, Nationalist forces outnumbered the Communists by 2,600,000 to 1,100,000, and seemed to have the initiative in most of China. From the United States it looked, as it did to Chiang, as if victory was in sight.

Real-Estate Strategy

The trouble was that the Nationalists were more interested in real estate, in announcing the capture of towns and cities, than in seeking out and defeating the Communist armies in the field. The Communist strategy was precisely the reverse. The loss of Yenan, for instance, meant little to Mao militarily; his government had abandoned it a few weeks before, leaving only a small force, which withdrew without a fight. While the Nationalists spread out thinner and thinner over north China and Manchuria, the Communists struck first in one area and then in another, whittling away Chiang's scattered forces with small loss to themselves.

The strategy of waging positional warfare from widely separated towns meant that the Nationalists had to secure the railroads between. In the course of 1947 it became plain that they couldn't. If they cleared a line one week, the Communists seized a lightly held section of it the next. By the end of 1947, the Communists had captured or destroyed most of the rail lines the Nationalists had held a year before.

To sum up, there is no evidence that Chiang ever tried to bring the Communist armies to battle; it is certain that he never succeeded in doing so.

Then there was the problem of graft and corruption in the Nationalist Army and government—the underfeeding of soldiers, the thievery by officers, the abandonment and even selling of U.S.-made arms to the enemy. Evidence of this comes from men who otherwise have had the highest opinion of Chiang.

Bullitt and Wedemeyer

Two important visitors to China in the summer of 1947, the season of Chiang's predicted victory, saw that the situation was nowhere near so rosy. They were William C. Bullitt and General Albert C. Wedemeyer. Bullitt, who traveled for *Life*, came back with a $1.3-billion plan for saving China in three years, claiming that Russia had been arming the Chinese Reds while the United States had been disgracefully withholding weapons, ammunition, and funds from Chiang. The Generalissimo himself was quoted in the New York *Times* of September 11, 1947, as telling a Kuomintang conference that he still had enough supplies for two more years of civil war. Chiang added that Nationalist losses had been "entirely due to the negligence of high commanding officers and to miscalculations of their own."

For all Bullitt's shifting of the blame to the late President Roosevelt, his own eighteen-point program of military and government reform included such measures as retiring half the Nationalist generals, jailing rich men who would not turn over funds in foreign currencies to the government, and cutting the army in half "by removing non-existent troops from the rolls" and "disbanding units of the lowest quality."

In a report not released until August 5, 1949, General Wedemeyer, who traveled for the President, urged a five-year program of aid to the Nationalists, a five-power guardianship for Manchuria with Russia as one guardian, or a U.N. trusteeship, and immediate "drastic, far-reaching political and economic reforms" by the Nationalist govern-

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ment. "Promises will no longer suffice," said the General. "Performance is absolutely necessary. It should be accepted that military force in itself will not eliminate Communism."

The real issue on which the Administration and the gathering forces of the China Lobby split was whether Chiang could or would carry out the reforms that everybody considered indispensable. Bullitt, who wrote: "In the pages of history Chiang bulks larger than any living American," said he could. The Administration, for a while, appeared to risk insisting on reform as the price for continued aid.

As it happened, the situation in China was so serious and the pressure from Congress so severe by the end of 1947 that the Administration proposed more aid than Bullitt had asked—$570 million for fifteen months (his program for that period came to $562.5 million) —and far more than the modest $250 million a year Governor Dewey was urging. What the Administration tried to avoid was all-out entanglement in a civil war which could imperil our program of resisting Communism in Europe. In October, Chiang had told a visiting Congressional committee that "the predicament in Manchuria was an American responsibility," and the emphasis put on *military* aid by Chiang's supporters during the hearings on the bill made it seem that the word "military" was as important to China as the appropriation itself.

Discrediting Marshall

In January, 1948, when the bill was about to be submitted, the Chinese Premier, General Chang Chun, announced his intention to reform the government. Before the hearings began, a "technical mission" of Chinese arrived in Washington, headed by Pei Tsu-yi, general manager of the Bank of China, and during the hearings its members were frequently seen around the rooms of Senator Styles Bridges's Appropriations Committee. The presence of this mission, its connections with some of the Americans who testified at the hearings, and certain other coincidences suggest that the Chinese government began at this time to try exerting extremely direct influence on pending U.S. legislation.

Both Wedemeyer and Bullitt testified in favor of the China-aid bill, as did General Chennault, whose application to keep operating his airline was then before the Chinese government. Chennault's proposals were the most ambitious; sending twenty thousand U.S. officers and men to China, he said, could turn the tide within six months.

Another witness was Norwood F. Allman, who described himself as a representative of "many of the American firms doing business in China as well as a number of Chinese industrial and business firms," but whose expenses were paid by the Bank of China. From Washington, Mr. Allman, who is known to his friends as "Judge" because of his service with the Shanghai International Mixed Court, wrote to the governor of the bank substantially as follows: That he had been working hard on the Senators to counteract Marshall's opposition to any large aid program; that he had taken the line that Marshall, while in China on his Presidential mission, had tried to order Chiang Kai-shek around like one of his second lieutenants, and when Chiang refused to accept such treatment Marshall was piqued; and all this was having a good effect. Judge Allman was the first China Lobbyist to admit trying to discredit General Marshall.

'Treason'

In March, while the hearings were still going on, an old Christian Fronter named William J. Goodwin, who in 1941 had threatened that there would be civil war if America aided Britain, was hired by the National Resource Commission of China as an "advisor on public relations," or paid lobbyist. Mr. Goodwin's fee was $30,000 a year, of which he later said he had paid out $22,857 in expenses, largely for entertainment at such establishments as the Metropolitan Club in Washington and the Wee Tappee Tavern in New York. The following year he switched to the Chinese News Service, at a reduction in fee to $25,000 and in expenses to $9,783. Mr. Goodwin says he volunteered his services as a part of his "lifelong fight against Communism." When Goodwin was hired, he lunched with Ambassador Koo and was interviewed by a genial Chinese named Chen Chih-mai. Chen Chih-mai first came to the United States in 1944 to take charge of propaganda and is now Minister Counselor of the Embassy.

Goodwin began giving dinners at the Mayflower for Congressmen at which they could hear the opinions of Ambassador Koo and Counselor Chen. In an

William Bullitt

William J. Goodwin

General Chennault

General Wedemeyer

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Wellington Koo

Chen Li-fu

Chen Chih-mai

interview with Edward R. Harris of the St. Louis *Post-Dispatch* some two years later, Goodwin estimated that he had entertained about a hundred Congressmen a year, had converted at least fifty of them to support of more aid for Nationalist China, and had "helped materially" to lay the groundwork for Senator McCarthy's attacks on the State Department. Among the guests at his dinners were Senators Bridges, Knowland, Wherry, and McCarran.

Early in April, 1948, President Truman signed the foreign-aid bill, providing $463 million for China (about the twelve-month equivalent of the $570 million originally proposed for fifteen months), but Congress—this was the Republican Eightieth Congress—did not pass the actual appropriation until June, and it cut the figure for China to $400 million. On April 22, the Nationalists in Yenan surrendered almost without a fight.

In the June issue of the *China Monthly,* Alfred Kohlberg, after a trip to the Far East, quoted a man he identified only as "the greatest living American" as having said that America's troubles came from "stupidity at the top—treason just below." This was the first time Kohlberg had been able to quote anybody of the stature of General MacArthur on "treason" in the government.

Enter Chen

In the summer of 1948, when Governor Dewey's campaign was at its height, the Vice-President of the Legislative Yuan, Chen Li-fu, made an extended visit to the United States. Chen Li-fu and his brother, Chen Kuo-fu, were the leaders of the powerful "CC Clique," which had organized "thought control," the secret police, and a network of banks and industries. During the dark months of 1948 when Nationalist defections to the Communists were increasing at an alarming rate and when the Kungs and Soongs had moved to their homes and bank accounts in America, the brothers Chen became more powerful than ever. Chen Li-fu came here, he said, to attend a Moral Rearmament conference and to study American democratic institutions, which apparently he had neglected while studying for his M.S. at the University of Pittsburgh in 1924. Possibly another reason for his trip was his interest in Chinese students in this country, of whom Article 14 of the Rules and Regulations for Chinese Students Abroad has this to say:

"All the thoughts and deeds of the self-supporting students residing abroad must absolutely be subject to the direction and control of the Superintendent of Students and the Embassy. If their words are found to be contrary to the *San Min Chu I* [the three political principles of the Kuomintang] or their actions are irregular, they shall be . . . summarily recalled to China."

Chen Li-fu, a handsome man with a smooth, ascetic face, is a philosopher who has quite seriously compared himself with Jesus Christ. As a favorite of the Generalissimo, who was befriended in his early obscurity by Chen's warlord family, he presented a letter of introduction from Chiang Kai-shek to Governor Dewey. Then Chen returned to Shanghai and gave an unusual interview to the newspaper *Sin Wen Tien Ti:*

"It seems absolutely certain that Governor Dewey will be elected President of the United States," announced *Sin Wen Tien Ti* in its November 1 issue, and continued: "According to Vice-President Chen Li-fu, should Dewey be elected, extraordinary meas-

A CABLE TO CHIANG

The text and translation of the following cable were furnished to *The Reporter* by a former Chinese official who is willing to identify himself and prove its authenticity to the proper government authorities. The message was sent to Chiang Kai-shek during 1949 by Chen Chih-mai, Minister Counselor of the Chinese Embassy in Washington. Another cable from Chen to Chiang appears on page 21.

September 23, 1949: **"Last week an article on the front page of the Washington *Post* attacked the Chinese government for hiring Goodwin for certain activities, blaming us for influencing Congress to get aid. It was apparently done by our enemies. However, Goodwin . . . acted according to the laws of the United States and registered himself as a lobbyist for a foreign country. So, nothing can happen to him any more, and after this people will even consider that we are doing things properly."**

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ures will be taken toward giving military aid to China."

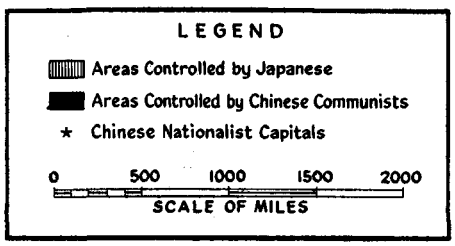
The Clark Report

That Chen Li-fu was doing more than whistling in the dark is suggested by the coincidence of his visit here and a mission undertaken by former Senator D. Worth Clark of Idaho. Since his defeat for re-election in 1944, Mr. Clark had been practicing law in Washington in association with Thomas G. Corcoran and William Youngman, two experienced hands at getting things for China. In September, 1948, Senator Bridges, as chairman of the Appropriations Committee, asked his old colleague, a Democrat, to go to China and make a report on financial, economic, and military conditions. According to ex-Senator Clark's later recollection, the idea popped up at a cocktail party at the Chinese Embassy. Clark took with him, as financial and economic adviser, Russell Smith, executive vice-president of the Bank of America, a depository of substantial Chinese funds. To write his report he also took along Edward B. Lockett. Part of the expenses for the party were paid by the Nationalist government.

The Clark report did not overlook the widespread corruption in the Nationalist government and army. But it recommended, as the only program to rescue China from Communism, immediate and extensive direct military aid to the Nationalists, combat advisory aid, financial aid for the military operation, financial aid to stabilize the currency, and American supervision of expenditures. The report ended: "The question whether such a comprehensive program will unjustifiably involve the United States in a foreign conflict is NOT [capitals his] one on which your consultant is called to pass."

Two Disasters

In August, 1948, the Nationalist government at last announced a program of what sounded like drastic economic



Starworth

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reforms. It was too late. In November, Chiang's demoralized Mukden garrison surrendered the well-fortified city to the Communist armies. This was the beginning of the end—the end that was to come so swiftly.

In November, too, the Chinese Nationalists suffered another major reverse—thousands of miles away: Thomas E. Dewey was defeated for the Presidency of the United States.

The days after President Truman's victory were dark and dramatic for the Chinese in America. In December, Madame Chiang made her desperate trip to Washington, had tea at the White House, and found the President unwilling to commit himself to the all-out effort that would be needed to save her husband.

Too Late Again

That this period was indeed the low tide of Kuomintang morale was borne out by a remarkable series of concessions to the United States that were offered in succeeding weeks. Chiang offered to appoint U.S. officers to command Chinese units (under the guise of advisers), and to accept a high-ranking U.S. officer as his own military adviser. On January 8, 1949, Chinese Foreign Minister Wu handed a note to Ambassador Stuart requesting renewal of the mediation between Nationalists and Communists that had been given up in 1946—when Chiang had considered his power invincible. The Kuomintang's conception of "respect for Chinese sovereignty" had changed to the extent that U.S. assumption of direct leadership of Chinese armed forces seemed a necessity. This too was too late. On January 21 Chiang announced his "retirement" from the Presidency.

Eleven more months were to pass before the Generalissimo's flight to Formosa, and a year before Madame's famous "Farewell, America" speech, but in the winter of 1948-1949 a fateful decision was taken by the China Lobby. Until then the Chinese, although they had overtly and covertly hired men to plead their cause, had mainly relied on legitimate, if exaggerated, argument. When the voters failed them, the Chinese and the Americans they used—and were used by—turned to demagoguery, slander, intimidation, and the most direct intervention in American domestic politics.

V—The Ubiquitous Major

A seat in the Senate; 'pitching an account'; the gold-leaf ceilings; the vice-president who wasn't in the firm; a dutyless diplomat

EARLY in the evening of October 8, 1950, the telephone rang in the Manhattan apartment of a public-relations man named Leo Casey. Mr. Casey had done some publicity for the Republican Party in the late 1930's and had been an adviser in Wendell Willkie's Presidential campaign. More recently he had been hired by David B. Charnay, founder and head of a public-relations firm called Allied Syndicates, Inc. When the phone rang, Mr. Casey was having a quiet dinner with his wife.

Mr. Charnay, his boss, was on the wire in Beverly Hills, California. He ordered Mr. Casey to take a plane for Los Angeles to work on the Senatorial campaign of Representative Richard M. Nixon against Representative Helen Gahagan Douglas. Mr. Casey says he picked up $400 in expense money from an associate, Arthur Happenie, and caught a midnight plane.

In Los Angeles, according to Mr. Casey, his boss explained that the Nixon campaign would help to "open some doors" for Allied Syndicates, which was setting up a West Coast office. Mr. Casey and Mr. Charnay had a meeting with Mr. Nixon at the Hotel Ambassador. In the lobby of the hotel, Mr. Casey noticed, with Laurence Witten, secretary of the firm, a Chinese gentleman whom he had frequently seen going in and out of Mr. Charnay's New York office, and who was referred to by others in the office as "the Major" or "the little fellow."

Mr. Casey organized an "Independent Voters Committee for Nixon." He worked hard, he says, to attract the Negro vote, on which Mrs. Douglas, a liberal, was counting heavily. Since Mrs. Douglas had been a sharp critic of the House Un-American Activities Committee, he also played up Mr. Nixon's part in the investigation leading to the conviction of Alger Hiss. His job well done and Mr. Nixon elected, Mr. Casey went back to New York.

He was warmly congratulated by Mr. Charnay and Mr. Happenie, who at that time, according to Mr. Casey, was Mr. Charnay's right-hand man. Then, as Mr. Casey recalls it, Mr. Happenie suggested that he go to Washington and "deliver Nixon to the Major." Mr. Casey says he was puzzled by this, and Mr. Happenie explained: "You're not so naïve as to suppose you were out in California opening doors. You were working for the China account."

Mr. Casey knew, of course, that the firm was retained by the Bank of China, but he says he was shocked by Mr. Happenie's remark and told Mr. Charnay that he wouldn't think of "delivering" a Senator to a foreign agent. Soon afterward Mr. Casey left the firm, went to Washington, and told his story to Senator Nixon, who thanked him for the information.

David Charnay is a stocky, energetic ex-reporter for the tabloids, with a breezy, agreeable manner and iron-

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Fifteen Years of U.S.–Chinese Relations

(Events in the Far East are indicated in red)

1937

July—$50-million U.S. stabilization loan to China

1938

January 20—American Bureau for Medical Aid to China set up

1939

February—$25-million U.S. loan to China

1940

April 20—$20-million U.S. loan to China

June—T. V. Soong arrives on unofficial mission to Washington

1941

February 4—$50-million U.S. loan to China

March 11—Roosevelt signs Lend-Lease bill

April 29—T. V. Soong sets up China Defense Supplies

1942

February 7—$500-million U.S. loan to China authorized

1943

February 18—Mme. Chiang addresses joint session of Congress

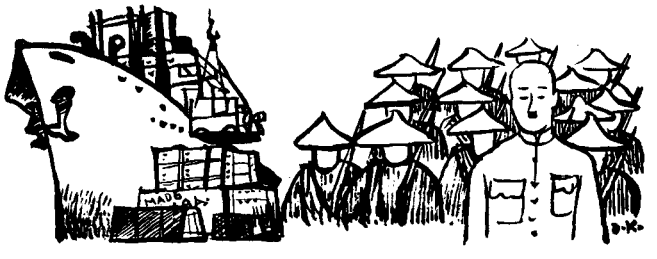
November 22-26—Roosevelt and Churchill meet Chiang at Cairo

1944

August 18—General Hurley named President's Personal Representative to China

October 28—White House announces that General Wedemeyer will replace Stilwell as U.S. Commander in the China Theater

November 27—Edward R. Stettinius, Jr., replaces Cordell Hull as Secretary of State



1945

January 8—Hurley accredited Ambassador to China

February 11—Roosevelt, Stalin, and Churchill sign Yalta Agreements, including provision for Soviet treaty with Chiang

April 12—Death of Roosevelt

April 15—Hurley confers with Stalin and Molotov on Nationalist-Communist controversy

May 8—V.-E. Day

July 3—James F. Byrnes becomes Secretary of State

November 27—Hurley resigns, claims State Department officials worked to disrupt U.S. policy

November 28—Senator Wherry (R., Nebraska) introduces resolution to investigate State Department

December 11—Senate Foreign Relations Committee drops investigation of Hurley charges

1946

June 14—Truman tells Congress China got $602,045,000 since V.-J. Day, and aid will continue

July 11—J. Leighton Stuart confirmed as Ambassador to China

July 17—American China Policy Association formed, with J. B. Powell president

August 10—Marshall and Stuart issue joint statement that peace in China seems impossible

August 29—UNRRA reveals in Washington that it will provide twelve planes to fly emergency relief into Chinese famine areas; Chennault to operate service

August 31—Soong announces $800-million surplus-property agreement with U.S.

October—Kohlberg and others launch *Plain Talk*, featuring "The State Department Espionage Case"

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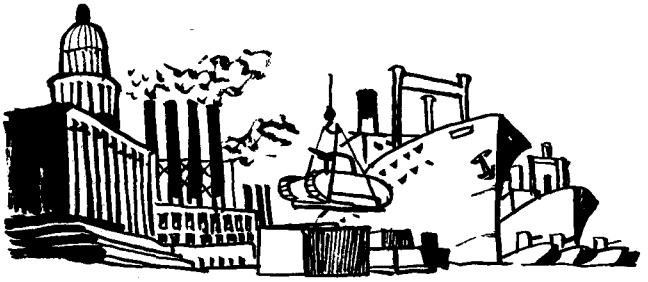

1947

January—Kohlberg *Plain Talk* article says that if aid to China is withheld, Chiang might accept Russian offer

January 7—Secretary of State Byrnes resigns; Marshall succeeds him

January 29—U.S. abandons efforts to mediate between Nationalists and Communists

June 30—$500 million earmarked for China by Export-Import Bank, at Marshall's request, lapses; China held *unable to use funds effectively for reconstruction*

October 13—William Bullitt in *Life* recommends $1,350,000,000 aid to save China from Communism

October 22—Clare Boothe Luce elected president of American China Policy Association

November 14—Representative Walter Judd (R., Minnesota) asks immediate aid to China

November 24—Dewey attacks Administration's China policy, recommends an estimated $250 million a year for three or four years' economic aid, plus smaller amount for military

During the year—Kohlberg gives $1,000 to Senator Styles Bridges's campaign fund

1948

January 21—Bridges letter to Marshall asks China aid

February 18—Truman gives Congress Administration program for China ($570 million for fifteen months)

March—Bullitt, Wedemeyer, and Chennault testify before House Foreign Relations Committee on China aid

April 3—Truman signs Foreign Assistance Act of 1948; China gets $463 million ($338 million economic, $125 million military)

April 5—*Life* editorial, "China: Blunder & Bluster," says Truman-Marshall Far Eastern policy is defeatist

April 9—William J. Goodwin registers as public-relations expert for National Resources Commission (Chinese)

June—*China Monthly* prints Kohlberg article, "Stupidity and/or Treason," attributing to "greatest living American" the statement that American foreign-policy difficulties spring from stupidity at the top and treason just below

June 10—Kohlberg testifies before Senate Appropriations Committee conducting foreign-aid hearings

October—Ex-Senator D. Worth Clark (D., Idaho) sent to China by Bridges's Senate Appropriations Committee

November 12—Bridges urges special session of Congress to speed China aid

December—Archbishop Paul Yu-Pin of Nanking, intimate of Generalissimo and Mme. Chiang, arrives in U.S.

1949

January 6—Bullitt, back from China, reports to Joint Committee on Foreign Economic Cooperation, calls for further economic aid to Nationalists

Dean Acheson becomes U.S. Secretary of State

February 25—Senator McCarran (D., Nevada) introduces bill for $1.5-billion military and economic loan to China

March—China Emergency Committee formed; Frederick C. McKee, Pittsburgh businessman, chairman

April 14—China Aid Act of 1948 extended; Bridges urges investigation of China policy

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May 3—Chennault urges Senate Armed Services Committee to authorize minimum program of $700 million a year for holding action against Chinese Communists

May 26—W. Walton Butterworth nominated as Assistant Secretary of State for Far Eastern Affairs; Senate Republicans say Butterworth had a hand in "bankrupt" policy

July 2—Senator William H. Knowland (R., California) calls for military mission to China

July 11—William J. Goodwin, hired by Chinese News Service as press consultant, registers as lobbyist

August 5—State Department White Paper, *U.S. Relations with China*, published

August 8—David B. Charnay (president Allied Syndicates, later Allied Public Relations) hired by Bank of China for public relations; Congressman Judd calls for complete housecleaning in State Department

August 25—Congressman Mansfield (D., Montana) calls for investigation into use made of funds appropriated for China; suggests much has been used to finance attacks on State Department

October 2-5—U.S.S.R. and satellites (and Yugoslavia) recognize People's Republic of China

October 26—McKee organizes Committee to Defend America by Aiding Anti-Communist China (China Emergency Committee dissolved in May, 1949)

December 7—Acting President Li Tsung-jen arrives in New York for medical treatment

December 18—Chennault and partner Whiting Willauer buy Chinese government's interests in two Chinese airlines, C.A.T. and C.N.A.C.

December 22—Joint Chiefs of Staff advise no U.S. occupation of Formosa but agree to send large staff

1950

January 5—Mr. Truman announces U.S. will take no military measures to protect Formosa; Acheson says Chinese government had or could buy all military equipment needed, but lacked will to resist; Britain recognizes Communist China

January 8—Mme. Chiang broadcasts farewell speech from U.S. before joining Chiang on Formosa

January 11—Taft in Senate charges that State Department's China policy "has been guided by a left-wing group"

January 12—Acheson in National Press Club speech reaffirms "hands-off" policy for Formosa

February 9—Senator Joseph McCarthy (R., Wisconsin) speaks in Wheeling, West Virginia, on Communist infiltration of State Department; Far Eastern Economic Assistance bill assures continued aid to Formosa

February 22—Senate Foreign Relations subcommittee directed to investigate McCarthy's charge about Communists in the State Department

March 1—
Acting President Li in New York denounces Chiang as dictator

March 3—Kohlberg writes to Kung and Soong about *Newsweek* article and urges that they authorize Treasury to disclose their financial holdings in U.S.

March 26—McCarthy calls Lattimore "top Soviet spy" in U.S.

March 27—Bridges starts "get-Acheson" campaign

April 20—Ex-Communist Louis Budenz calls Lattimore a Communist

May 1—Ex-Communist Freda Utley denounces Lattimore as "Judas Cow"

May 10—Kohlberg-Kung-Soong correspondence put in Congressional Record by Knowland

June 27—Truman orders U.S. air, ground, and naval forces to repel attack; orders Navy to defend Formosa

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and prevent Chiang's forces on Formosa from attacking mainland

September 12—Secretary of Defense Louis Johnson resigns; replaced by Marshall

October 2—First issue of the *Freeman* appears, financed in part by Kohlberg as a successor to *Plain Talk*

October 3—Bridges charges State Department plot with Britain to give Peking seat in Security Council; State Department denies the charge

1951

January 14—Dr. Hu Shih advises use of Chiang's help against "Stalin's grand strategy for world conquest"

April 5—House Minority Leader Joseph W. Martin discloses MacArthur letter endorsing use of Chiang's troops to open second front on Chinese mainland

April 11—Truman dismisses MacArthur

April 19—MacArthur addresses Congress

May 3—MacArthur hearings begin

May 9—Freda Utley's *The China Story* published

May 14—Ending Senate testimony, Marshall says Chinese Nationalists were beaten by Reds because of poor officers, lack of public support, and "the character of government"

May 18—Assistant Secretary of State Dean Rusk indicates changes in U.S. China policy; speech taken in some quarters to mean U.S. would back Nationalists to revolt and would have no dealings with Reds even in peace talks; Acheson denies policy shift

June 7—Senator Wayne Morse (R., Oregon) charges that the "China Lobby has for several years been conducting a violent campaign against American policies in China"

June 9—William Loeb, president of the American China Policy Association, says Administration is "bluffing" when it demands investigation of his organization

June 11—Frederick McKee denies his group got any support, direct or indirect, from any Chinese source in U.S. or abroad; Wedemeyer's testimony supports MacArthur

June 14—McCarthy speaks in Senate for two and three-quarter hours attacking Marshall as supporter of Administration Far Eastern policy contrived to weaken U.S.; ex-Secretary of Defense Louis Johnson testifies that it was Acheson who recommended U.S. intervention in Korea and that no high military figures in Washington opposed the intervention

June 20—Hurley criticizes Acheson for "appeasing" Communists, calls Yalta Agreements "immoral and cowardly"

June 25—MacArthur hearings end after fifty-four days

July 25—McCarran's Internal Security subcommittee begins hearings on "subversive" influences in U.S. foreign policy

August 7—$307-million aid program to Nationalist China proposed by Administration

August 22—Ex-Red Budenz says Reds used Institute of Pacific Relations

September 14—Wedemeyer, in *U.S. News and World Report*, says Chiang's troops could be effectively used by U.S.

September 19—Wedemeyer tells McCarran subcommittee that State Department advisers Davies, Service, and Raymond Ludden were anti-Nationalist during war in China

September 23—Budenz tells McCarran subcommittee that Henry Wallace, influenced by John Carter Vincent and Lattimore, followed Communist line on his China mission; Truman releases Wallace's 1944 reports urging aid to Chiang

September 27—McCarthy before Senate Foreign Relations Committee attacks Ambassador-at-large Philip Jessup for "subversive" associations

October 6—Joseph Alsop, in open letter to McCarran, says Budenz lied about Wallace's 1944 mission

October 9—Judd, at fortieth anniversary dinner for Republic of China, says Roosevelt and Acheson caused spread of Communism in China

October 18—American Legion Convention demands reorganization in the State Department

December 5—Ad for Freda Utley's *The China Story* quotes General MacArthur as recommending it to "those who are interested in knowing the truth"

1952

January 21—Lieutenant General P. T. Mow and Colonel V. S. Hsiang, accused by Formosa of misusing funds, file libel suit in Washington court

February 12—Taft asserts invasion of mainland by Chiang "might snowball rapidly," sees 600,000-man army "begging to be sent to do the job"

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gray hair that stands up in Teddy-bear fashion. He founded his firm in 1947 and soon managed to "pitch," as he would put it, some valuable accounts, including Ballantine's Beer, Eversharp, and the United Mine Workers. Thus Mr. Charnay became good friends with John L. Lewis, whose autographed photograph ("with appreciation and good wishes") hangs on his office wall, and later with Mr. Lewis's friend and former $35,000-a-year co-trustee of the UMW's welfare fund, Senator Styles Bridges of New Hampshire. Like all able publicity men, Mr. Charnay improved his contacts in high places. Among them: Presidential Counsel Clark Clifford, who was engaged by the firm as Washington counsel for seven or eight months in 1950 after he left the White House; Assistant Secretary of Defense Paul Griffith, who after leaving that post served as a consultant to Mr. Charnay for a brief time; and former Secretary of the Navy John L. Sullivan, whose firm was retained by Mr. Charnay to advise the Bank of China on the disposition of its funds. Mr. Charnay also got to be friends with Assistant to the President John R. Steelman.

In the summer of 1949—shortly after the Chinese had made their fateful decision to go after political power in the United States, and coincident with the publication of the State Department's "White Paper" on China—Mr. Charnay's firm was retained by the Bank of China at a fee of $60,000 a year, plus $17,500 for Mr. Sullivan's law partnership, Sullivan, Bernard, and Shea. When he was asked recently how he happened to get the account, Mr. Charnay replied: "We pitched it." His job, as he explained it, was to prevent the recognition of the Chinese Communist government and the consequent freezing, for that government's benefit, of the Bank of China's assets in this country. Mr. Charnay states that he was never told how much those assets amounted to, but he has heard them estimated at "between one and three hundred million."

Mr. Charnay says that he did a "straight publicity job," getting editors and reporters interested in the mistreatment of Americans by the Chinese Communists, particularly in the cases of captured Marines and Consul Angus Ward. Mr. Charnay set up the broadcast of Mme. Chiang Kai-shek's dramatic farewell to America in 1950 and was one of those who recommended Chiang's offer of Nationalist troops for Korea. Mr. Charnay also had a part in the production of a documentary propaganda film, "Death of

a Dream," which before its general release was shown to gatherings of Nationalist China enthusiasts, Congressional and otherwise. He says that, though the picture had nothing to do with his work for the Bank of China, he acted as "a sort of catalyst" in getting it financed and made, and he denies, "as far as I know," the printed report that $20,000 of Chinese funds went into it. "They were private funds," says Mr. Charnay. He will concede, of course, that "private funds" from Americans might have been originally furnished by Chinese.

Mr. Charnay's account of the Nixon campaign, and particularly of the part played by Mr. Happenie, differs from

that of Mr. Casey and of other former associates; the difference suggests a way in which the Chinese may work through an American firm but keep the boss free of responsibility for, or even knowledge of, its doings. Mr. Charnay says he went to see Hedda Hopper on another matter and she asked him to take over the direction of a committee she had organized for Mr. Nixon. He told her he could not do it personally, but got Mr. Casey for the job, and after seeing the campaign off to a start went back to New York. As for the Chinese major, "he may have been on the West Coast." As for his payment, "it all came from the committee." As for Mr. Happenie's being his "right-hand man," says Mr. Charnay: "He wasn't even in the firm."

Happenie's Connection: Two Versions

Mr. Charnay admits, however, that Mr. Happenie did come to some sort of arrangement with Allied Syndicates late in 1949—a connection, as Mr. Charnay describes it, in which Mr. Happenie was given an office on the understanding that he would bring in new business. In his year with the firm, Mr. Charnay adds, Mr. Happenie brought in no new business and was not paid. Mr. Happenie had previously worked for the Rhode Island Insurance Company, earning about $4,000 a year in commissions. He was living in a $70-a-month apartment in Bronxville when he took his job, or connection, with Mr. Charnay.

Soon after Mr. Happenie started with Allied Syndicates, he and his wife bought and moved into a richly dec-

Cable of August 24, 1949, from Military Attaché General Pei to Chiang Kai-shek, commenting on Mme. Chiang's visit to General and Mrs. Marshall in the Adirondacks: "All our American friends are of the opinion that General Marshall invited Madame Chiang to his villa for a rest immediately after publication of the White Paper—such action has been considered definitely as an insidious and malicious gesture. We have been patient and tolerant to the extremity with General Marshall for years, but he hasn't changed in the least regarding his attitude toward us. However, in order to avoid direct conflict with the Administration, we should not have a head-on collison with that man. So we suggest it would be better not to attack him openly."

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David Charnay

orated penthouse apartment with a gold-leaf ceiling at 1115 Fifth Avenue, which had once belonged to E. R. Squibb. About this time Mr. Happenie told a close friend that he had been placed in the firm by H. H. Kung to look after Dr. Kung's interests, which he suggested went beyond the public-relations job done for the Bank of China. For this he said he received $25,000 a year. When Mr. Charnay was asked if Mr. Happenie was paid by the Chinese, he replied thoughtfully: "I wouldn't know."

Other former and present Allied Syndicates employees were under the impression that Mr. Happenie was a vice-president of the firm, one adding "in charge of finances." Harry Guinivan, who is now chief of Mr. Charnay's Washington office, said recently that he knew little about Mr. Happenie except that he was a vice-president, had originally come from around Boston, and was "a colorful character."

The files of New York and Charleston, South Carolina, newspapers show that this last was, if anything, an understatement. In 1937, Mr. Happenie was sentenced to prison for five years by a Federal court in Charleston for his part in defrauding a retired manufacturer of $30,000 by promising to make him executive director of a projected British armament syndicate operating in the United States. Mr. Happenie had been associated in this deal with one Samuel Allen and with a man named Charles Robinson, who had been introduced to the victim as "Sir Mark Webster Jenkinson, financial comptroller of Vickers, Ltd." Happenie himself had been presented, according to the testimony, as "Huntington, a spokesman for the syndicate."

Mr. Charnay says that late in 1950, about the time Mr. Happenie's unremunerated year with Allied was up, he found out about the Charleston incident and got rid of Mr. Happenie. Soon after, Mr. Charnay's contract with the Bank of China ran out and was not renewed.

Mr. Charnay says he has had no further business dealings with the Chinese, but he will do them a favor if asked. Before the Mr. Guinivan quoted above went to work for Allied in the spring of 1950, he helped Chen Chih-mai, the Minister Counselor of the Chinese Embassy, organize a press junket to Formosa and went along as press agent. Last spring Mr. Charnay donated Mr. Guinivan's services to Erle Cocke, Jr., then National Commander of the American Legion and then as now a good friend of Mr. Guinivan's, for the first leg of a round-the-world trip. After visiting Formosa in Mr. Guinivan's company and being dined by the Generalissimo and Mme. Chiang, Mr. Cocke said the United States should, among other things, turn the Nationalist Army loose on the Communists even if it meant "the calculated risk of World War III."

'Fantastic'?

Mr. Charnay says he has never met H. H. Kung. He does concede that "the Major," or "the little fellow," is Louis Kung, who was a major in the Chinese Nationalist Army (he is now a colonel) and is the second son of H. H. Kung. Mr. Charnay also concedes that Louis Kung is still a "very good friend." His former associates recall that Major Kung was in and out of the Charnay office a great deal during the 1950 campaign and predicted that the Republicans would pick up six seats in the Senate (they picked up five). Incidentally, one of Mr. Charnay's former employees has told government authorities a curious story of Louis Kung's activities on the eve of the election. According to this informant, Kung turned up at the Charnay office with $60,000 or $70,000 in cash, which was then taken by Mr. Happenie and a third Allied man over to a suite at the Savoy-Plaza, where it was supposed to be distributed to "interested parties." When told this story, Mr. Charnay remarked: "Fantastic."

Louis Kung and his older brother David are favorites of their aunt, the childless Mme. Chiang Kai-shek. Their father, it will be remembered, was China's Minister of Finance while their mother and sisters were speculators in American aid—which could be why Dr. Kung has no objection to letting the Treasury reveal his own "personal" accounts. The parents now live quietly near Riverdale, New York City, and David has become the financier of the family. His father had him made joint managing director of the Central Trust Company in China ten years ago when he was only twenty-two. Among his present commercial activities, he is the largest stockholder of the Yangtze Trading Corporation, which was barred last June from licensing for foreign trade after it had illegally shipped tin to Communist China.

Largesse

Louis Kung is twenty-nine. He attended Sandhurst, the British West Point, where his English acquired a clipped soldierly accent. He is nominally attached to the Chinese Military Staff Committee at the United Nations and is "technical adviser" to the Chinese Air Force in Washington, although he has never set foot in the office. He keeps houses in both New York and Washington. His Washington house is on Reservoir Road, and in it are several unlisted telephones. The Major is fond of calling up his friends and associates and identifying himself as "Lee" or "Smith." His friends include Senator Styles Bridges, who, according to Mr. Charnay's former employees, occasionally ran into "the Major" at the Allied office during the 1950 election campaign. Once when the Senator went off to rest up in a Western hideaway, Louis Kung was one of the people to whom he confided his phone number.

The Kung boys have been handling financial favors from Chinese to Americans for a good many years. On December 28, 1943, David wrote the following letter to Owen Lattimore, who had several years before served as an official adviser to Chiang Kai-shek and was then Deputy Director of Pacific Operations for the OWI:

"Dear Mr. Lattimore:

"I have just received a message from

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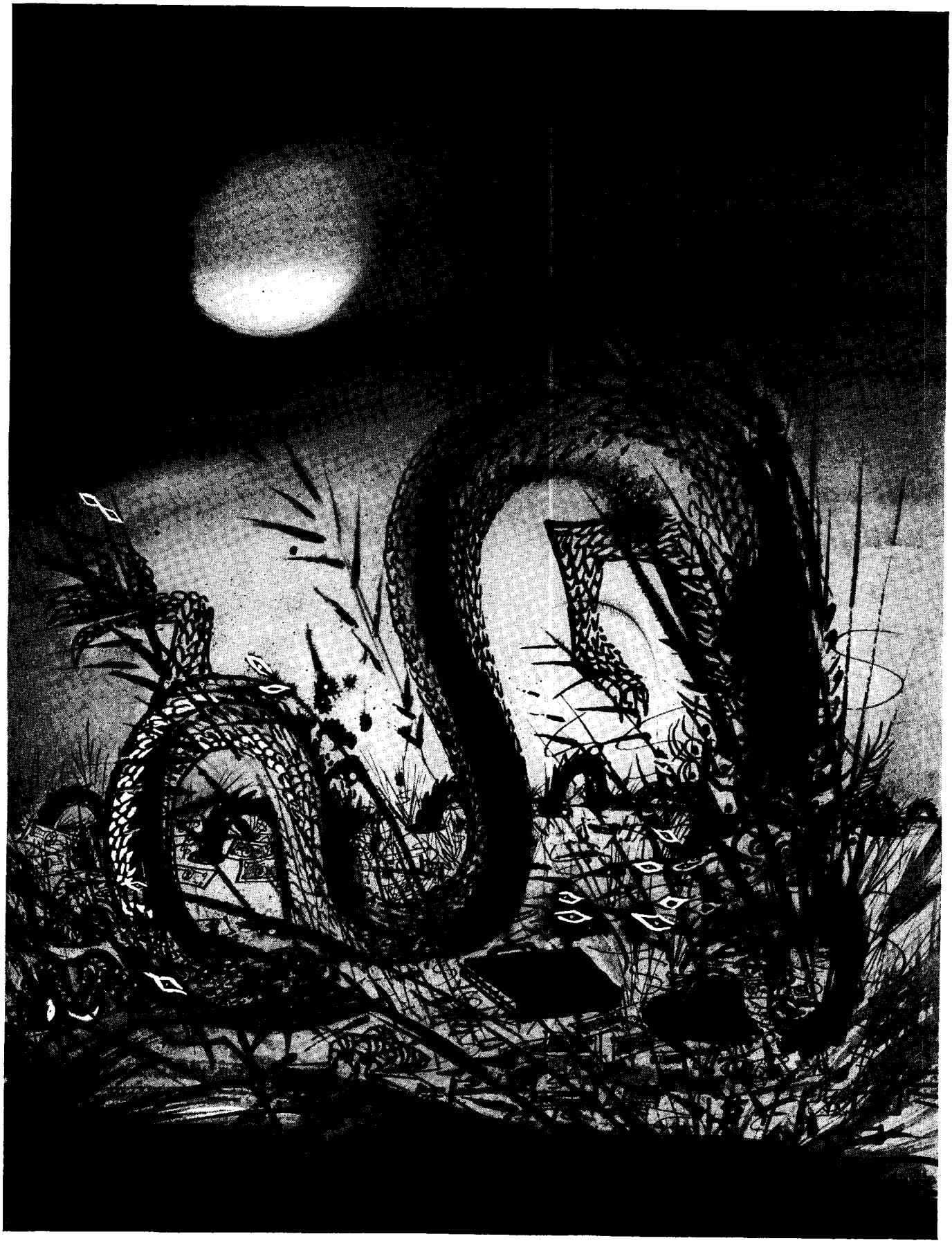

'The McMahon-Morse resolution [to investigate the China Lobby] will probably not get far. . . . This is unfortunate, since McMahon's dragon will just be left out in the tall grass, there to flourish on fiction, undisturbed by fact'—from an article headed "The 'China Lobby'" in Time, *July 16, 1951*

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David Kung

Senator Nixon

General Mow

Chungking asking me to send you the sum of $5,000 from the Generalissimo and Madame and therefore write to inquire in what form would you wish me to send the funds to you."

To this, and to a more urgent letter that followed, Mr. Lattimore replied that it would be "impossible" for him to accept such a gift. Mr. Lattimore informed the White House of the offer and then wrote a warm letter to the Generalissimo, thanking him for his "thoughtfulness" but stating that the White House had approved his decision not to accept the gift.

Crisp Lettuce

"Major" Kung keeps himself in spending money through drafts on a bank in Tangier, by way of the Irving Trust Company of New York. The Major spends his money freely, usually in the form of bills of a hundred dollars or larger. For a short while in 1948, after his return from Formosa with D. Worth Clark, Edward Lockett worked for Louis Kung as an "information officer"—having specified that he would do no lobbying. After Mme. Chiang's dramatic visit to the White House, Mr. Lockett had to inform his employer that her mission had been unsuccessful. The Major got excited, declared he knew better, and paid off Mr. Lockett with ten crisp hundred-dollar bills.

Louis Kung has been able to do his work in this country without being hampered by his nominal duties. When the Major got his appointment to the U.N. delegation, which carried diplomatic status, the recently deposed deputy chief of staff of the Chinese Air Force office in Washington, General P. T. Mow, thought Kung would no longer need his Air Force position for immunity and took steps to have him dropped from the Air Force staff. The General was soon visited by one K. H. Yu, a deputy delegate to the International Bank, a relative of Chiang's first wife, and agent for Chiang in many high financial matters. Mr. Yu presented General Mow with a letter in Chiang's handwriting, requesting that Major Kung be retained, and sent the General a check for $5,000, drawn on the Riggs National Bank, as a "special reward."

Since then, General Mow and his executive officer, Colonel V. S. Hsiang, have gotten into trouble for charging the Formosa government with what they claim to be irregularities in the procurement of military equipment for Chiang's army. Last August Formosa ordered the two officers home and then, when they refused to oblige, answered their accusations of corruption with a suit in an American court to recover some $7 million of unexpended funds which they would not give up.

Louis Kung has a friend named J. Z. Huang, who is with him so constantly as to suggest that he is a sort of bodyguard. Mr. Huang used to work in the Chinese Embassy but now has no official position. He once boasted that he had played poker with President Truman. He has a brother, J. L. Huang, who is a general and an aide to Chiang Kai-shek; like the Kung boys, the Huang brothers are favorites of Mme. Chiang.

It was Jen Zen Huang who, three days after General Mow was suspended, telephoned one of General Mow's underlings and asked him to meet him in front of a Connecticut Avenue drugstore. There, in his parked car, Mr. Huang explained that although he had had a "misunderstanding" with General Mow and did not want to approach him directly, he was still the General's "good friend" and worried about the General's difficulties with Formosa.

Mr. Huang went on to say that if General Mow and Colonel Hsiang would cease their accusations of corruption against the Nationalist government, they could be assured that no effort would be made to extradite them and they might also get "maybe two or three hundred thousand dollars." Mr. Huang suggested that the money could be held out when General Mow turned over the Nationalist funds in his possession to his successor. The man from General Mow's office went back and reported the offer, and when Mr. Huang next got in touch with him, four days later, he rejected it on behalf of the General.

LOUIS KUNG, the ubiquitous major, is far from the key figure in the Chinese division of the China Lobby; although important enough to be kept with diplomatic immunity while doing no diplomatic work, he is not much more than a courier or paymaster. And Allied Syndicates, Incorporated, is only one of the American firms or organizations that have been used by the Nationalist Chinese.

(The second and final installment of this article on the China Lobby will appear in the next issue of The Reporter.)

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Build-up in Western Europe: The End of the Beginning

THEODORE H. WHITE

NONE of the nine great meetings of the Council of the North Atlantic powers over the past three years has been more loudly celebrated than the one that closed only a few weeks ago in Lisbon.

Celebration is, of course, routine after all such meetings. What made this celebration so different was that for once it signalized real achievement. This achievement was a retreat from and repudiation of most of the standards and target dates that NATO had previously declared vital and irrevocable for the defense of the western world. The retreat was, to be sure, not announced as such. Only the British, with their usual shrewd detachment, recognized the retreat for what it was. Irritated by the airy communiqués, they styled the new NATO army "the Phantom Army" (the *Times* of London). This irritation was almost as unjustified as the grandiose Lisbon communiqué —because the NATO powers, in making their first withdrawal toward a position based on economic and political reality, had strengthened rather than weakened their alliance.

The Dehydrated Plan

The best indicator of the Lisbon retreat is the number of ground-force divisions now projected. Instead of aiming for ninety-six divisions in western Europe by 1954, the NATO powers have agreed to strive for "approximately fifty" in 1952. Nor is it any secret that most generals will be extremely pleased if these units are battleworthy by 1954. It should be stated immediately that the division, as a unit of value, is the fool's gold of the amateur strategist. The divisions listed on the books of SHAPE vary in fighting power from the U.S. 1st Infantry on the Thuringian frontier, which is almost as strong as a wartime corps, brilliantly officered and excellently armed, to the French 6th, garrisoned near Paris, with only twenty per cent of its effectives and twenty per cent of its equipment—and much of that obsolete.

A much more realistic way of judging where the great Atlantic alliance stands in the spring of 1952 is to examine the politics of which the divisional figures are only an expression—and how the politics got that way.

Two Waves of Fear

Two waves of fear produced NATO. The first was the fear of 1948-1949, the time of the Czech coup and the Berlin blockade, when, with a shudder, everyone began re-examining the map of Europe. The reading was clear. The Russian garrison troops could sweep the eight Allied divisions in central Europe into the Bay of Biscay in a month or less. NATO was conceived to redress this imbalance. Several figures and facts shed light on the naïve thinking of those early days. The first was the casual American estimate that Europe could be rearmed out of the $20 billion worth of surplus planes, tanks, and weapons stored on the airfields and in the arsenals and warehouses of the United States. The second was the divisional figure arrived at by the Northern, Central, and Southern Regional Planning groups that NATO first set up in the summer of 1949: Their estimated total of the divisions needed to beat back the Russians was 406. Between the equipment needed for such a force and the resources available to supply it there was a gap as broad as the Atlantic Ocean itself.

At each conference, NATO's divisional estimates have dropped until now they are set at "approximately fifty." At each conference, the total estimated cost of military hardware and supply has risen until it now stands in the neighborhood of $224 billion. The gap between the divisions required and their costs has not yet been closed. When it is closed, NATO will be mature.

The second wave of fear came with the Korean War. As late as May, 1950, the United States was officially against rearming the Germans. But three months later, in September, 1950, German rearming had become a cardinal article of American policy in Europe—partly because the Korean War made a European war seem much more likely and defense much more urgent, and partly because the hitherto despised East German Bereitschaften (the Communist puppet police corps) suddenly seemed like a menacing North Korean army-in-being. The crisis in Korea reached its height in December, 1950, and therefore, at the December conference in Brussels, NATO got down to brass tacks. There would now be a real commander of the western armies—General Eisenhower. The fantasy of 406 divisions gave way to a target of ninety-

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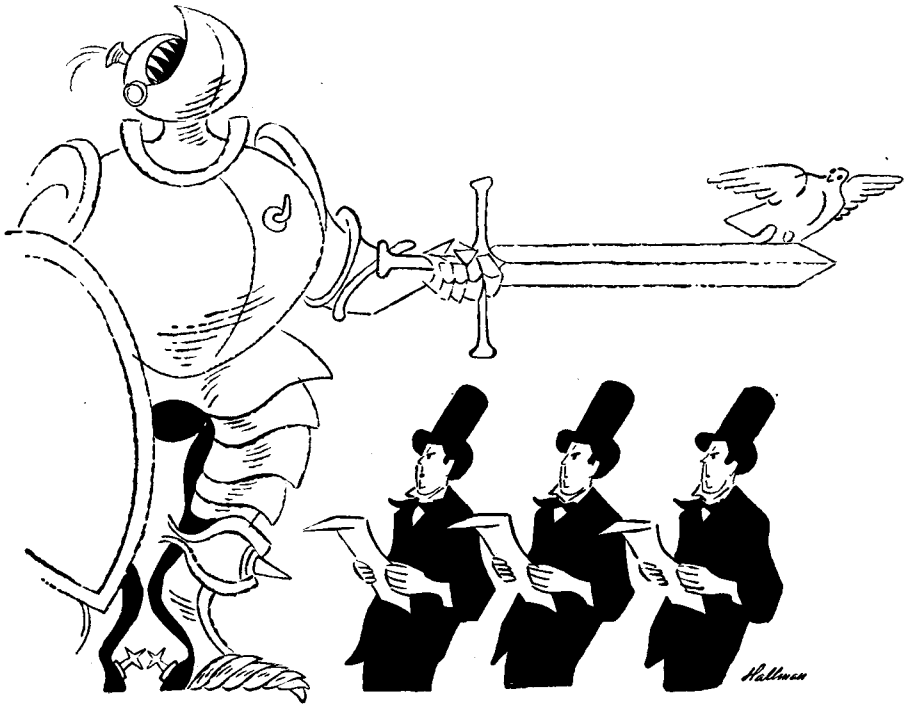

six in 1954. This target remained fixed until the Lisbon conference.

The Mightiest Fact

During 1951, however, the politics of the Atlantic basin had changed. Three enormous facts marked this change: our own military effort, the economic strain on Britain and France, and the Russian response.

Of these, the most important was our own effort, expressed along the line of contact in central Europe, where our patrols pass Russian patrols every night. Today, in the spring of 1952, the military power of NATO on the German front outweighs the Russian in men, metal, and flexibility. Twenty-one to twenty-three divisions (the precise designations and figures are a matter of dispute among military bookkeepers) man the line from Hamburg to Trieste. Another twelve or thirteen can be brought to readiness in thirty days.

If this mighty fact is one of the most obscure in Atlantic politics, the obscurity can be traced to the dilemma of the harassed soldiers. On the one hand, generals have the natural human itch for praise for work well done. On the other hand, if they call public attention to their brilliant handiwork, legislators may slash appropriations and the generals' efforts may be crippled far short of the final guarantee of security.

Consider the soldiers' problem. By land, it is to erect a troop barrier effective enough to stop the Russians for ten to forty days while the mobilization plans rush reserve divisions toward the front. By sea, it is to stop the two main exits for Russian submarines—the Mediterranean and the Kattegat—onto the high seas where they can destroy the shipping that binds the alliance together. By air, it is to brace both land and sea forces.

By land, in the last year, the troop barrier has more than doubled in effective standing strength. There are, on a D-Day basis: two Belgian divisions, four British, six American, five French, four Italian, and one Alpine division composed of the Anglo-American garrisons that stretch from Austria to Trieste. The Russian troops immediately facing these units are estimated to remain at slightly over thirty divisions, and since these are much smaller than the important Anglo-French-American divisions, the enemy has an impact strength less than ours at the line of contact.

As important as the multiplication of our troop strength in the past year has been the spadework of logistics and command. American supplies no longer enter Germany by way of Bremen to be fed down a long, vulnerable lateral chain to central Germany. They enter France and move west-east over a comparatively safe communications system to the Rhine. The British supply system has likewise been rerouted across Belgium.

The command chain is being untangled too. Up to now, the national commands have been scrambled in a chain of irresponsibility inviting another Pearl Harbor. By the time this article appears, a logical system of command will probably have been announced—a British-Belgian-Dutch army group in the north and a Franco-American army group in the south, each with an independent tactical air force.

The airmen have likewise made magnificent progress, despite all their public unhappiness. By July 1, 1952, some seventy operational or alternative airfields should be available to our tactical air forces compared with thirty within the same radius for the Russians. More important, under General Lauris Norstad the Central Air Force Command has learned how to operate a multinational force of planes with a flexibility and interchangeability not even approached in the last war. The most recent air exercises of Central Air Command employed planes of eight nationalities in one combined operation, and actually had squadrons of two and three nationalities scrambling off the same field two minutes after they had been alerted.

Holding and Winning

What worries the soldiers, then, as they face the future? The answer is: "Plenty." What we have now is the capability of holding—something we did not have last year. To win, however, our forces must be backed by trained, equipped reserves. The Russians have this backing today in overwhelming proportions. We lack it. The problem of the next two years is to make it.

Here are SHAPE's main worries at the moment:

Air strength. When the Lisbon conferees announced a four-thousand-plane air force for 1952, they were to a large degree promoting a phony. This figure includes both the metropolitan defense planes of Britain, France, and Belgium (which could be pinned down by Russian bombing) *and* the tactical planes of Norstad's Central Air Force, which would help the troops hold or move forward. Central Air Force now has slightly over a thousand tactical planes and will probably have fewer than two thousand by the end of the

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year; it needs roughly twice as many.

Naval strength. We have stoppered the Mediterranean with the U.S. Sixth Fleet and the adhesion to the alliance of Greece (ten divisions) and Turkey (twenty-two), plus the informal partnership of Yugoslavia (forty-two). But the Russian exit from the Baltic via the Kattegat is open. Russia is a formidable sea power. It has seven times as many submarines as Germany had at the outbreak of the last war, a naval air arm of three thousand planes, and a naval personnel about five times that of the British Navy. To close the Baltic we need a task force at least as large as the Sixth Fleet, and neither Britain nor the United States has the present force-in-being to throw into the breach.

Mobilization and reserves. Manpower is a lesser problem of the Atlantic alliance—the soldiers are there, or can be called up. The problem is to make sure that when the reserves are called up they flow into the front in orderly schedules of D plus 3, D plus 10, D plus 30, and find the arms and tools waiting for them as they collect. In so far as mobilization plans require only hard paper work, they are coming along fairly well. But in so far as they depend on hardware, they depend on the production effort of America and Europe; and the hardware is not yet in sight. In addition to arms, the reserve divisions and reserve masses of civilians to be conscripted need huge stockpiles of goods—sixty to ninety days' war reserve of petroleum, thousands of tanks and planes to replace attrition and casualties, hundreds of tons of ammunition, food, uniforms, shoes. All this has yet to be acquired.

Our own military effort can thus be summed up in a phrase—the emergency is over but the danger remains.

Economic Termites

The other changes in Atlantic politics are more difficult to sum up. The second change is the economic chaos that threatens France and Britain. Much of the planning of 1948 and 1949 is now meaningless because it rested on the assumption of economic health in France, Britain, and America. By now, though, the French and British economies have been nearly wrecked by the wild unco-ordination of Allied trading policies in a period of intense rearmament. Both France and Britain have found it increasingly difficult to keep the promises they made early in NATO's history. The French, for example, promised to have twenty divisions ready by January 1, 1954. But their cost calculations were incredibly bad—they figured this program would cost only 2,000 billion francs ($5 billion), and now they know that it would cost 8,000 billion. In 1950, the French began production of a superlative new fifty-ton tank; three of these were built in time to be displayed in the Bastille Day parade of 1951 on the Champs Elysées. These three, and no more, exist today because production was stopped last fall as impossibly expensive. The British assumed a 4.7-billion-pound ($13.16-billion) three-year arms program in 1950. It has now been slashed approximately twenty-five per cent and will probably be pared further.

The third element in the new situation is as important as the other two but much more difficult to judge. The Russians have remained mysteriously quiescent in Europe since the Berlin blockade. There has been some speed-up of satellite rearmament and some technical re-equipment of occupation forces, but nothing commensurate with the great effort that has finally pulled the West into a posture of defense before them.

Enter Wise Men

This is the background for the present prospects of NATO and the conditioning factors in the labors of the "Three Wise Men" (W. Averell Harriman, Sir Edwin Plowden, Jean Monnet), who were appointed last fall by the Atlantic Council to analyze the over-all operation. Until the time these men set themselves to the task, no civilian group in NATO had been big enough to summon the generals to account and ask them for what purpose they were making what strategic plans, and no one had examined the books of each nation to test whether its military exertions really fitted its resources.

Out of the exertions of the Three Wise Men came recommendations that were accepted as new departures at Lisbon. The major recommendations are important enough to be listed individually:

The fifty-division program. This program, reduced as it is, is in no sense a real program. It is rather the name of the place we are going. At present NATO's forces can be counted as roughly twenty-two D-Day divisions and twelve or thirteen reserve divisions. The most anyone can possibly expect by the end of this year is twenty-four D-Day divisions plus eighteen or twenty reserve divisions—a substantial drop from the fifty promised at Lisbon. But this maximum target depends on a series of ifs—*if* Britain and France get out of their economic straits, *if* the Far Eastern wars do not get worse, *if* Congress and the various national parliaments underwrite the commitments of their spokesmen at Lisbon. Should any of these *ifs* fail, then the fifty-division army may not be ready until the end of 1953, or even 1954. The important difference about the new program is this: All production and effort will now be channeled to a smaller, compact force which is the reasonable maximum of our resources, rather than a huge paper-perfect force impossible under present conditions.

The second step was the attempt to grapple with American aid. American military aid—tanks, planes, trucks, artillery—is the single greatest factor in making European divisions combat-ready. This aid is not, however, controlled by NATO but by American military-aid groups in each country responsible directly to Washington; though Eisenhower's recommendations from SHAPE are given heavy consideration, the last word rests with the Pentagon. The new setup, if it works, will make SHAPE the real traffic controller of the flow of American weapons.

The *third step* was to clear the ad-

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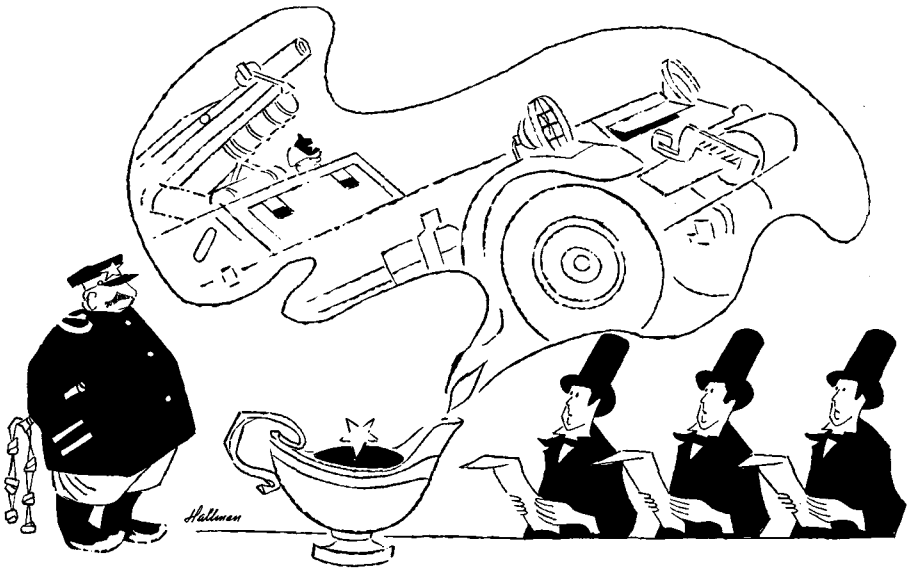

'The Russian dictatorship possesses [a] matchless advantage . . .'

ministrative jungle of NATO. That great bottleneck, the Council of Deputies, was killed. So were the Production, Finance and Economic, Shipping, and other boards. All these are to be replaced by a Secretariat which will have a table of production requirements for the fifty divisions. Each nation will be kept under review, its resources examined, its production recorded.

For the Secretariat and for its new chief, General Lord Ismay, the greatest problem will probably be the amount of influence that can be exerted over the U.S. Mutual Security Administration and the foreign purchasing of the U.S. Army. These are the most fruitful sources of free dollars in Europe today, and free dollars will determine how much Europe produces toward the new target. This winter, for example, while the United States was allotting a big dollar contract in Belgium to create facilities for making 155-mm. shells, the French Army revealed that the only really generous surplus of production capacity it had was in precisely those shells. France needed dollars desperately. Belgium got them.

Political Flexibility

Administratively, the end of the beginning is in sight. Politically, NATO still flounders without guidance. Only by comparing NATO with the Russian bloc can one discern what is lacking. The Russian dictatorship possesses the matchless advantage of being able to deal with an entire family of problems at the same time. The same Stalinist decision that ordains an army-in-being ordains the factories and resources to provision it, and balances the disposition of arms and resources between Europe and the Orient with no shifting of gears. The Russians, on a global basis, are flexible.

What cramps NATO is a lack of political flexibility engendered by the need of binding fourteen nations together in a common political course. When all the treaty nations agree on a political analysis—as they did in recognizing peril in Europe in 1948 and 1950—the alliance can summon into being such an army as General Eisenhower now leads. But when the political analyses of the major nations change and diverge under changing circumstances, there is no way of making them all move in the same political direction at once.

Bonn and Bao Dai

Two major problems of NATO in the coming year illustrate how different political analyses tug the alliance several ways at once. The first, of course, is Germany. In the U. S. Congress it is still assumed that Germany is vital, at this very moment, for the defense of Europe. But many leaders in France, and to a lesser extent Britain, no longer concur. The East German Bereitschaften have faded away as a bogy; and it seems probable that with twenty-five combat-ready divisions (backed by the proper planes, naval strength, and reserves) we could hold the Rhine line without the Germans. The NATO allies thus have far greater power in bargaining with the Germans than they thought they did a year ago. If the Germans wish to be defended farther eastward, we can now demand far greater co-operation from them. Another attitude is developing among the chief continental recipients of U. S. military aid—France, Belgium, and Holland. They realize that American end items, not manpower, are the chief immediate military necessity. A German manpower contribution in the near future will not simplify defense—it will, in fact, complicate it by its further drain on American deliveries.

The Asian wars are an even graver problem. France is the chief strategic base for defending the Atlantic, but France is being drained by the Indo-China war. Approximately a third of its military effort goes there now, and the effect on morale and finances is even graver than figures indicate. This war is going so badly that it is approaching a point where France will either have to surrender in Asia or repudiate its commitments in Europe. This poses a massive problem: Do the North Atlantic powers wish to give up Indo-China and keep France strong in Europe, or do they wish to hold Indo-China? And if they wish to hold Indo-China, who will put up the money?

Balancing of Power

NATO has come a long way from the panic periods of 1948 and 1950. If the cadence of American arms production and European mobilization continues, and continues to be endorsed by Congress and by parliaments, by the end of this year NATO will be able to think beyond terms of survival in the Atlantic basin. Perhaps the chief contribution of the Three Wise Men in Lisbon was their abolition of 1954 as the showdown year. The assumption that underlies every paragraph of their report—the only logical assumption—is that we are entering a long period of balancing of power, that there may never be a showdown year with the Russians. When the Russians move, we must counter in a long-term test of judgment and equilibrium. Such judgments are far beyond the province of civil servants, administrators, and generals. They are at once more difficult to make and more difficult to get agreement on. The Three Wise Men were too wise to say all this explicitly.

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When Johnny Came Hurrying Home

BARRY BINGHAM

A PENTAGON official recently observed, off the record, that the mothers of America had achieved in a few months the feat that Germany and Japan had failed to accomplish in years of bitter conflict—they had destroyed the armed might of the United States.

The deed was done in late 1945 and early 1946. A look at newspaper files for that period confirms the case completely. It is possible to dispute only one detail of the charge: Though the American mother was the commander in chief in the campaign for quick demobilization, virtually all of us were enlisted in the ranks to help her fight that battle.

Six years later, people are beginning to say that many of our international problems would never have grown up around us if we had kept some respectable portion of our Second World War strength. At the peak we had roughly 12.3 million men under arms. By June 30, 1946, the number had dropped to approximately 3 million. A year later, it stood at about 1.5 million.

The facts were actually harsher than the figures. By 1947, our combat troops were virtually all gone. Our occupation forces were composed of youthful draftees who knew little of combat skills and cared less.

We can only guess how postwar Soviet policy might have been altered if America had maintained a position of military strength. We chose to pin our security instead on the atomic bomb, a weapon suitable for use only in certain circumstances, one which the experts told us from the start would soon be perfected by the Soviets. Nor was there even much discussion of the theory that we could do without manpower because of the bomb. The mood of America was to get our men out of uniform and let the future take care of itself. The people were sick of war. They were sick of high wartime taxes. They were sick of the "brass" and calls to patriotic duty. They felt they had won a great victory, and they wanted to sit back and enjoy its fruits.

The Politicians' Cry

The fever for demobilization began to rise early. Thomas E. Dewey, then the Republican candidate for President, sounded the call in the opening speech of his campaign in Philadelphia on September 7, 1944. That was three and a half months before the deadly German counterattack in the Ardennes.

Dewey roundly assailed the Administration for a Selective Service announcement that demobilization would proceed slowly after the war's end. "They are afraid of peace," he declared. "They are afraid of a continuance of their own failures to get this country going again. They are afraid of America. I do not share that fear. I believe that our members of the armed forces should be transported home and released at the earliest possible moment practicable after victory. I believe that the occupation of Germany and Japan should very soon be confined to those who voluntarily choose to remain in the Army when peace comes."

There was no Democratic attempt to answer this argument. The great responsibilities of America's postwar position were not debated. Nobody wanted to discuss such unpleasant topics at such a time.

When the end of the war actually came, the fever chart of demobilization sentiment jumped through the roof. President Truman made a gingerly approach to the subject in a message to Congress on September 6, 1945. "We owe it to those now in the armed forces that they be returned to civilian life with all possible speed," he declared. There was, however, the question of replacements. "Only when we find that we are able to obtain a sufficient number of volunteers to fill the . . . quotas for our occupational needs can we discontinue . . . Selective Service."

Senator Tom Connally of Texas showed little patience with such suggestions of delay. In September, 1945, he demanded that family men who had seen overseas service be released immediately, and observed that it would "take something more than talk to make the Army and Navy act." He urged his associates in Congress to "keep after the rigid demobilization schedules."

Congress rang with stirring demands that our "boys" be brought home and that there should be an end of "unconscionable delay." The cry came impartially from both sides of the aisle. It was perfectly obvious that Congress was expressing the will of the American

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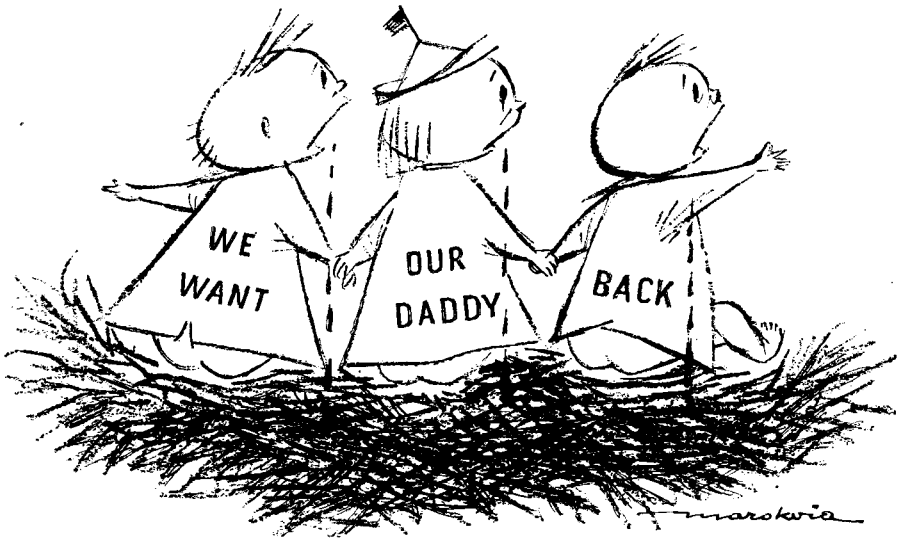

people, and any Member could speak out boldly in that assurance.

By January 11, 1946, Senator Edwin C. Johnson (D., Colorado) rose to give his interpretation of the attitude of the armed services. He was chairman of a special subcommittee charged with investigating demobilization. "Pentagon generals," he proclaimed, "suddenly realized there were only 4 million men left in their drafted army and their own fat jobs would dissolve. The generals became hysterical and demobilization slowed down."

The Servicemen's Cry

Within the services, demands grew shriller by the day. On January 7, 1946, twenty thousand servicemen met in one of Manila's main plazas to vent their anger at the "slow" pace of demobilization. This was a little more than four months after the Japanese surrender. On the next day, Paris saw five hundred G.I.s marching down the Champs Elysées to the American Embassy, shouting "We want to go home!"

In the following days, protests ringed the world. Mass meetings and demonstrations were reported from Saipan, Guam, Honolulu, Dayton (Wright Field), Washington (Andrews Field), London, Frankfurt, Berlin, Vienna, and Calcutta.

Servicemen were increasingly inclined to use political pressure to gain their end. They did not hesitate to dig into their accumulated pay to send messages sizzling to Washington. Personnel of the Twentieth Air Force on Saipan spent $3,600 on cables to the War Department, protesting the maintenance of the point system at its current level. A Signal company in Germany cabled President Truman, General Eisenhower, and the House Military Affairs Committee, asking, "Are the brass hats to be permitted to build empires?" They charged "an evident lack of faith in our friends and neighbors that is causing bitter resentment and deterioration of the morale of men in this theater."

Four thousand soldiers on Luzon chose the President and Congressional Military Affairs Committees as their targets. After paying for long cables, they had enough money left in the protest kitty to buy full-page ads in fifteen leading dailies to carry their message to the home front. G.I.s in Korea spent $1,200 to advertise their displeasure in the Washington *Post*.

Questions have since been asked about the origin of these "spontaneous" movements in all quarters of the globe where American servicemen were stationed. Was there anything strange about the fact that forty thousand post cards demanding an investigation of demobilization policy suddenly made their appearance in India, ready for G.I. signatures? Who sponsored the six different types of handbills circulated in Manila on January 7, 1946, urging servicemen to "make certain Congress understands no sitting member will get any G.I. votes in the next election unless the redeployment mess is solved"?

Were Communists at work? Possibly so, but it was easy for them to leave the job to others. Loyal Americans were only too eager to carry the ball.

On the home front, the labor unions were playing a part. Harry Bridges of the CIO International Longshoremen's and Warehousemen's Union threatened, on November 25, 1945, to stop cargo loading on all ships that the union believed could be assigned to carrying troops home.

Ike's Rear-Guard Action

The real hysteria, however, was mounting among the wives and parents of the men still in the service. Members of Congress received thousands of letters of appeal, threat, and abuse each day. Letters columns of newspapers were flooded with acrimonious communications, many with the signature "Mother." Organizations of angry citizens sprang up overnight. Typical examples were the Bring Back Daddy Association of Birmingham and the Servicemen's Wives and Children Association of Pittsburgh, who picketed an induction center bearing signs that read: WE WANT OUR DADDY BACK.

There was an especially strong head of pressure behind the drive to release all fathers immediately. On January 22, 1946, General Eisenhower was cornered in the House Office Building by war mothers representing the Bring Back Daddy Associations and the Fathers' Release Association. They told the general of their worries over high divorce rates and reports of "Fräulein fraternization." Eisenhower responded politely but candidly that if all the fathers were released forthwith, there would be mighty little Army left. It was one of the least popular of his utterances.

The services were not always skillful in handling their public relations in these trying times. A speaker at a Calcutta rally drew a lusty response from his G.I. audience when he charged that a sergeant in the command had been reduced to private for mimeographing notices of the meeting. A private from Fort Belvoir, Virginia, made a telling point in a Senate hearing when he testified that he and others had cut grass with bayonets to keep busy, and that he had been "railroaded" to Camp Shelby, Mississippi, for reporting the condition to Washington papers.

Certainly there were inefficiencies and injustices in the vast process of dismantling America's military machine. A not-unusual story was reported from Wright Field. The commanding officer announced that individual

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grievances would be heard, listened to sixty of them, and agreed that fifty per cent of the men concerned had legitimate claims.

Efforts were made by officers and government officials to stem the flood tide of opinion, but they were utterly ineffective. Nobody tackled the infinitely tough job of explaining why men were still needed in large numbers in the service, or how they would be usefully deployed.

The late Secretary of War Robert P. Patterson made a flying visit to American installations in the Pacific and Far East in January, 1946, to investigate conditions and try to explain the policy of demobilization. He was booed by crowds of servicemen. Lieutenant General W. D. Styer, Commander of Army Forces in the West Pacific, told a Manila meeting that "the changing international situation" made it impossible to send all eligible men home. That was a note rarely struck, and it fell on deaf ears.

Senator Scott Lucas, an Illinois Democrat, was practically unique in Congress in the attitude he expressed toward the avalanche of letters from constituents demanding faster demobilization. "I'm not going to vote for anything," he declared in September, 1945, "that will reduce occupation forces below the level that the Army and Navy say they need to show the Germans and the Japanese that we mean business this time. We're going to have to keep a watch on them until they change their way of life."

Spaatz and Truman

The voices of a few service spokesmen were heard crying in the wilderness. General Carl A. Spaatz declared in December, 1945, that the Army Air Forces had been so seriously impaired by public pressure for demobilization that its "operating proficiency" had fallen "below the standard" considered adequate for this period of our history. "At this very moment," he continued, "our Air Force commanders have insufficient usable personnel to carry out the responsibilities assigned, and considered essential, by the Joint Chiefs of Staff." The American public responded with a blank stare. Nobody was willing to consider the demands of this period of our history.

President Truman made an attempt to explain: ". . . the critical need for troops overseas has begun to slow down the Army's rate of demobilization. This is not an arbitrary action on the part of the Army. It is an inescapable need of the nation in carrying out its obligations in this difficult and critical postwar period in which we must devote all necessary strength to building a firm foundation for the future peace of the world. The future of our country is now as much at stake as it was in the days of the war."

Dirksen Is Unimpressed

On January 8, 1946, Mr. Truman presented a defense of the demobilization record. He spoke nine months after V.-E. Day and four months after V.-J. Day. Of the 12.3 million men on active service at the end of the European phase, 6.25 million had already passed through the separation centers and returned to civilian life. It was an impressive achievement. Nobody in America, however, was impressed or satisfied with it.

Republican Representative (now Senator) Everett Dirksen of Illinois had a neat solution for forcing the services to knuckle under to public opinion. On January 21, 1946, he announced that he would move to return $6.5 billion of military appropriations to the Treasury, "because if the services don't have the money to feed and house personnel, they will bring them home."

Nobody in those days was claiming in so many words that we had fought our last war and could count on a permanent peace. I was in Tokyo at the time of the Japanese surrender, and soon after that in Guam. None of us talked of anything but getting home. After a hitch of four and a half years of active service, I was rich in points for separation, and nobody could have been more blindly determined to get out at once. The few men who hinted they might make the Army or Navy their permanent career were treated with good-natured contempt. It was not that we took too rosy a view of the world's future. We took no view of the future at all, except as it involved our own homes.

Could inspired leadership have stemmed that boiling tide of public sentiment in 1945 and 1946? The cry against such leadership would have been loud and bitter, and nobody really made the attempt. Politicians of both parties had their eyes fixed with glassy fascination on the mid-term elections of 1946, which proved so uncomfortable for the Democrats. When top officers spoke a few words of protest or caution, they were scorned by a public that wanted to hear no backchat from "the brass." A great leader might still have stopped America in its tracks and made it listen to the unwelcome tale of responsibilities and dangers to come. But there was no such leader to speak.

Lesser Voices

In the meantime, lesser voices chattered of "getting 'the boys' home." Those who now insist they foresaw the Soviet danger from the start were strangely silent about their gift of prophecy in those days. Those of us who hoped the Soviet government would be satisfied to repair the ravages

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of war and raise the living standards of its people were equally unhelpful.

We wandered off into side issues. For a while it was argued that unification of the services was the panacea that would cure all our troubles. The late James V. Forrestal was saying on March 15, 1947, that the United States must stop dribbling away its military strength before it became so weak that "we will lack the capacity to defend ourselves or anyone else." Only three days later, however, he was testifying that unification "should prevent us from ever again coming face to face with a war for which we are unarmed or militarily unprepared."

He was succeeded as Secretary of Defense by Louis Johnson in 1949. Johnson's theme song was "greater combat capabilities at less expense." He could give the nation a much stronger defense, he claimed, even while cutting into the skeleton that was then left of our military power. The explosion in Korea blew America into a realization of its dangerous weakness.

U.M.T. as Stabilizer

Is there a lesson here for our national future? Surely a way must be found to level off the peaks and valleys of our military effort—at least until the world gives a better promise of a generation of peace.

We are a volatile people. We fight hard when we are aroused. We are capable of building the strongest machine the world has ever seen in order to win a war. Then we take an ax to it and demolish it overnight. The action speaks well for our peaceful intentions but not for our sagacity.

If we succeed, with the help of our allies, in building another system of defense stronger than the potential Soviet power, will we have the determination to hold onto it long enough to gain a lasting result? Or shall we start the wrecking crew to work on our defense machine as soon as Stalin makes a few peaceful gestures?

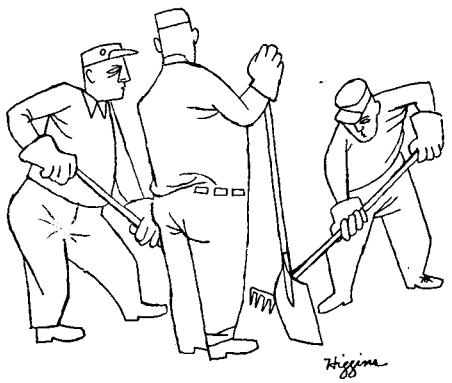
We need something to stabilize our American defense effort. The base on which is could be built is a system of Universal Military Training. It will never turn the civilian-hearted American people into a nation of militarists. It might, however, make the rising generation realize once and for all that we cannot have world peace simply by denouncing the age-old evil of war.

What Happened To Inflation?

ARTHUR W. VINER

After war broke out in Korea, the American public went on two successive buying sprees. The economy underwent a surge of inflation such as we have seldom seen. And then, by March, 1951, the steam had gone out of the inflation. The period since then has been one of general price stability.

The paradox in this situation is that inflationary pressure was strongest when large defense expenditures were merely an expectation. By the time the government's purchases of military equipment and the corresponding spending by businesses engaged in defense work had begun to accelerate rapidly, the inflationary pressures had largely subsided. The North Korean Army invaded South Korea at the end of June, 1950. In that month, the Defense Department spent $957 million for military purposes. In March, 1951, the month of the inflationary peak, these expenditures had risen to just under $2 billion, and total military expenditures during the first nine months of fighting in Korea amounted to $12.4 billion. In the nine months of economic stability that followed, the military authorities spent $24.3 billion, almost double the previous amount, and in December, 1951, military expenditures were $3 billion. The halt to inflation in the face of a tripled rate of military expenditure deserves an explanation.



Inflationary forces died out, moreover, at a time when personal incomes continued to rise to successive record levels. At no time during the period since June, 1950, have gains in personal incomes after taxes failed to outstrip the rise in the cost of living. The Consumers' Price Index, which gives the best measurement of the cost of living, rose eight per cent from June, 1950, to March, 1951. Two of its most important components, food prices and apparel prices, rose eleven and ten per cent, respectively. In that same period of sharp inflation, personal income after taxes increased by ten per cent. Meanwhile, wholesale prices, which are more volatile, registered a seventeen per cent gain.

In the ensuing period of stability (through December, 1951), the wholesale price index declined by 3.5 per cent and the Consumers' Price Index rose by only 2.5 per cent, with retail food prices up by 2.7 per cent, and apparel up two per cent. But there was no corresponding falling off in personal income after taxes, which rose another five per cent. Clearly, the inflationary movement was not halted by a reverse in the public's fortunes.

Many of the preconditions of a continuing inflation have been present since the beginning of the rearmanent effort and the war in Korea. But the addition of a great defense program to an already booming economy has created fewer dislocations than were originally foreseen. And prices have generally leveled off or declined—to high levels, to be sure, but to levels that are not out of line with incomes.

Who should get the credit for stopping inflation? It is impossible to attribute specific shares of the credit to

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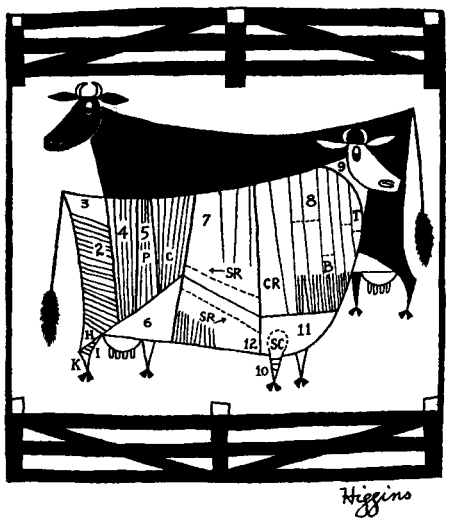

the different measures that have been taken, but the forces that have been at work since last March can be segregated, and the record bears out their combined effectiveness. The so-called indirect controls—tax and expenditure policy, monetary and credit policy, and others—have been highly effective. Direct controls, including controls over the use of raw materials and price and wage controls, have had some effect. But much of the credit cannot be given to government actions.

The Tax Increases

Taxes have played an important role. Since the Korean War began, Congress has increased tax rates three times, including the imposition of an excess-profits tax. They have raised Federal revenues sufficiently to cover expenditure increases and to produce a cash surplus in the Federal budget of $7.6 billion in the fiscal year 1951, which ended last June; the prospect for the current fiscal year is a balanced cash budget. This has been an important anti-inflationary influence.

But the tax picture is not all rosy. The impact of the various tax increases has been uneven. It has clearly been greatest in the areas that are capable of increasing production, which is the top goal of the defense program. Corporate profits before taxes reached their all-time peak in the first quarter of 1951. Although they had receded only moderately by the end of the fourth quarter, the impact of taxes was so heavy that profits after taxes had fallen to an estimated annual rate of less than $17 billion, the lowest level in any full year since 1946. The upper-income groups that are traditional providers of investment capital have shared with corporations the brunt of the new taxes. But most individuals have done better. In spite of two increases in their taxes, their income after taxes has continued to rise faster than the cost of living. This condition is an invitation to further inflation.

The Federal Reserve's Brakes

The record of monetary and credit policy since the beginning of war in Korea is also mixed. Monetary policy suffers from a lack of public support, which in turn is due to the intricacy and intangibility of monetary action. The fact is, however, that monetary policy, for which the Federal Reserve Board is primarily responsible, is one of the most effective economic stabilizers. It affects economic conditions by contracting or expanding the supply of money that is in the form of credit.

Until March, 1951, the Federal Reserve was forced by the terms of a Second World War agreement with the Treasury Department to support government bond prices and thus to pursue an inflationary monetary policy. Last March, the two agencies came to an agreement that untied the hands of the Federal Reserve, and since that time we have had an effective monetary policy. The Federal Reserve's freedom of action in the control of credit and the money supply must be preserved if we are to prevent the renewal of inflation. It is probably not merely coincidental that the month in which an anti-inflationary monetary policy was instituted was also the month in which the inflationary drive spent itself.

Late in the fall of 1950 the Federal Reserve Board established "selective" controls over consumer installment credit and residential housing credit. The effect of the former was felt very soon. Installment sales had previously risen steadily and rapidly; since the controls were imposed, the amount of installment credit outstanding has dropped. The restrictions on mortgage indebtedness are also taking effect. The results of the selective controls and, even more, of the general monetary policy make it clear that the Federal Reserve is exercising a major restraint on inflation.

The Voluntary Credit Restraint Program, in which lending institutions are co-operating with the Federal Reserve Board, has also helped to restrain inflation. By denying access to credit for "nonessential" purposes, this program has helped to make credit available for financing defense activities without greatly expanding the total amount of credit.

Indirect controls are not only the most effective anti-inflationary weapons but are also the controls most consistent with a free economy. With the partial exception of consumer credit controls, they exert an impersonal and nondiscriminatory effect. They establish a climate in which individuals and businesses are largely free to pursue their chosen course; their restrictions are general.

Direct Controls

The reverse is true of direct controls, and this is one of the main arguments against them. Materials controls, however, which determine how much of different commodities can be used for specific purposes, have helped to direct essential goods into defense industries. This has made it unnecessary for defense industries to bid up the prices of strategic materials in competition with civilian producers; and since the supply of most civilian goods has continued ample, there has been no corresponding bulge in the prices of the goods that remain for the civilian economy.

The main controversy in the area of direct controls concerns price and wage controls. Without exploring the argument over these, it is possible to assess the role they have played in producing the stability the economy has enjoyed

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since last spring. Long before price and wage controls were imposed, they began to affect the price structure. It would be hard to deny that the well-publicized threat of future price and wage controls had a definite inflationary effect that started soon after the Korean War began and continued until the "freeze" of January 26, 1951. With the public buying goods in great volume, it was not difficult for sellers to raise their prices in anticipation of price control, nor was it surprising that workers stepped up their wage demands in the fear that wage controls would soon be imposed.

By the time prices were frozen, the wholesale price index was close to its peak. The result was that ceilings were set at extremely high levels. After the second buying wave had subsided, most wholesale prices declined to levels below their ceilings. Most are still there, and wage-control policy has been slack. There is probably only one valid reason for having price and wage controls at present: The public seems to believe in their usefulness. It could well be that the mere existence of these controls, alongside the more useful indirect controls, has contributed to a public feeling that inflation would be restrained. The removal of price and wage controls might be taken by the public as a sign that the government was no longer interested in preventing inflation. That could touch off a new buying spree.

Nongovernmental Factors

In so far as government action is concerned, indirect controls have played the major part in restraining inflation. Aside from government-imposed measures, there have been four important developments, all of which deserve an important share of the credit for halting inflation.

First, industrial production has increased sufficiently since pre-Korean days to supply the government with a growing stock of military equipment and to keep civilian supplies in line with demand. The tremendous productive power of our economy has once again been demonstrated. In the past year American business has not only increased production; it has also laid the foundation for more capacity by investing more money in new plant and equipment than ever before.

Second, it is becoming increasingly

clear that deferred demand for many consumers' durable goods, such as automobiles and refrigerators, has been exhausted. In spite of sharp declines in output resulting from the allocation of strategic materials for defense work, dealers' stocks of many of these goods are unusually large. It appears that most consumers' durables are once again in a replacement market. This is a pronounced anti-inflationary development.

Third, the price trend of recent months reflects to some extent previous overbuying by both consumers and sellers. This natural reaction can only be temporary, and is a warning for the future, particularly in the field of consumers' durable goods, which will be produced in lesser volume during the remainder of the defense build-up.

The fourth development is especially important. Against a 1946-1950 average of about five per cent, the public has been saving almost ten per cent of its income after taxes ever since the second buying wave ended. This extraordinarily high rate of saving undoubtedly has some of its roots in the restrictions placed on consumer purchases by the government's controls and in excessive buying in late 1950 and early 1951. But much of the credit must be given to the public itself for withholding purchases that might otherwise have forced prices much higher. The high rate of saving probably reflects confidence that inflation will be restrained and that the defense program will not be accompanied by the overwhelming devotion of resources to the military and the attendant shortages of civilian goods that characterized the Second World War.

These four developments are not wholly independent of the government-imposed controls; to a great extent they are the indirect result of the government's actions against inflation. But there is also in these developments a degree of spontaneity that is not attributable to the policies the government has adopted.

What Must Be Done

But it is too soon to crow over our success in preventing the spread of inflation. The seeds of future price rises have already been sown. Schedules for defense expenditures make it probable that without higher taxes or expenditure cuts—and we are unlikely to get either in an election year—there will be a substantial cash deficit in the fiscal year 1952-1953. Some civilian-goods production may be pinched to the point where moderate shortages will exist for the next year or so. And hanging over these relatively predictable sources of a potential renewal of inflation is the possibility that the rate of private savings will decline.

Indirect controls must be our first line of defense against inflation. Although they have not always been applied in the most desirable form, or soon enough, they have demonstrated their value. The full kit of indirect controls has not been used. There should be a genuine effort to postpone deferrable government projects and to achieve economy in government expenditures, particularly in view of the danger of higher taxes. Government securities sold to finance the deficit or replace matured debt should be directed as much as possible to nonbank investors so that they will not form the base for credit expansion. Also urgent is the need for the Treasury Department to develop and sell a new savings bond. The interest terms of the present Series E savings bond, designed in 1941, are not attuned to the times. Despite the high rate of personal saving in the past nine months, more savings bonds have been cashed in than sold throughout the past year, particularly in the smaller denominations.

What happened to inflation in 1951 demonstrates that inflation can be stopped. The controls we have used to date, once applied, have done all that could be hoped for them. But if inflation is to be prevented in the year ahead, the indirect controls that have been neglected must be made available for vigorous use.

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Mop, Broom, and Pistol: The Adventures of D. L. Cornn

WILLIAM S. FAIRFIELD

D. L. Cornn's views on machine politics and on its usual counterpart, organized crime, weren't at all unusual. As an honest man he approved of neither. But like most people, he found such activities totally unrelated to his own life—to his family, his business, or his friends—and therefore, though deplorable, hardly worth either the energy or the risks involved in open opposition.

Cornn's awakening began in 1943. The fact that there was no Kefauver crime investigation to publicize the issue made little difference. D. L. didn't need such a display. In his native Bell County, in the mountainous southeastern corner of Kentucky, the signs were all too plain.

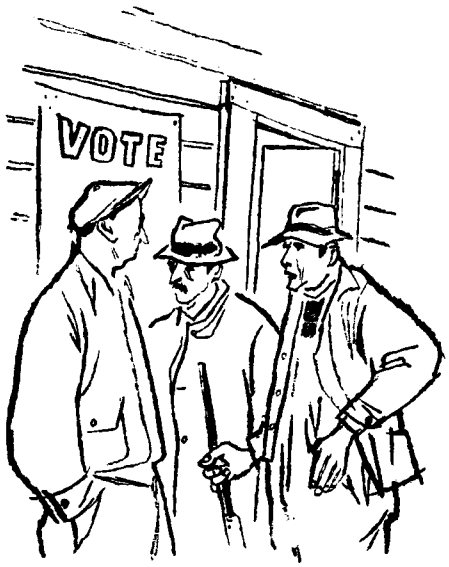
It was common knowledge that two brothers, Floyd and Alva Ball, controlled local politics with an ungloved iron fist. Few voters had any illusions about fair elections. Candidates backed by the Ball brothers, Republicans and Democrats alike, invariably won. If campaign help from Floyd and Alva fell short at the polling booths, there were always the counting rooms. Since the brothers owned the complete loyalty of the bipartisan county elections commission, only tabulators and observers approved by Floyd or Alva were permitted inside. With this power, rigging a tally became something less than a science.

Floyd and Alva Ball weren't interested in power solely for power's sake, however. Together they had compiled an impressive criminal record, including a dozen-odd indictments on bootlegging and gambling charges. While the brothers ruled, the liquor and slot-machine rackets with which they had been so often linked ran wide open. Their annual income hit six figures.

Cornn knew all this. But he also knew that if he didn't mess with the Ball brothers or their cohorts, they wouldn't mess with him. D. L. believed in the unwritten code of the hills as much as the next man; he was prepared to defend his own honor and the honor of his family against the slightest attack—and with a gun if necessary. But defending the public weal was something else again.

Even in his own mind, Cornn was hardly the public-crusader type. A short, round man with blue eyes, a sharp little nose, and a face like a full-blown and waxed peach, he didn't look the part. Nor did his friendly disposition and bubbling conversation indicate the type. His interest in politics was slight. He built his life almost entirely around his wife, his two small sons, and his thriving service garage—even then the largest in Pineville, the county seat where he made his home.

In a small, isolated region like Bell County, it was almost inevitable that the varied and widespread activities of the Ball syndicate should sooner or later intrude on D. L.'s private world.



But when the intrusion came, in 1943, Cornn was in no mood for such rationalization. Perhaps he would have been, if it hadn't begun with a Police .38 rammed abruptly into his stomach.

Action and Reaction

Late one muggy summer afternoon, as Cornn washed up at the garage, the telephone rang. A fruit truck had been hit by a speeding auto. The truck's driver needed a tow. D. L. first called the office of the machine-elected sheriff, as the driver had asked, then drove to the scene of the crash.

When Cornn stepped down from the cab of his tow car, the truck driver identified himself. "That's a hell of a sheriff you sent me," he added, nodding past Cornn's shoulder. D. L. turned and saw a man with a deputy's badge, shouting orders and weaving drunkenly.

The deputy saw Cornn at the same moment and came over, cursing, to demand his business. D. L. explained, but the deputy would have none of it. An argument developed. Suddenly the deputy drew his gun and jabbed it into Cornn's midriff with such force that Cornn toppled backward into a ditch. Cornn waited expectantly, not moving. Then, hearing the deputy move away, he edged along the ditch until he could make a break for it.

D. L.'s wife was startled when he burst through the front door of their modest home half an hour later demanding his gun. Why did he want it? she asked.

The answer was direct: "I'm gonna kill a feller."

She refused to tell him where she'd put the gun. When he insisted, she insisted just as strongly that he tell her the whole story first. Afterward, she reasoned with him: By now, the dep-

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uty would be gone; he'd be hard to find. Why not wait until morning, and why not see what legal action could be taken against the man?

Next morning Cornn visited a lawyer and learned he could sue his assailant for damages. But a quick check showed D. L. couldn't hope to collect, since the deputy, while appointed, hadn't yet been sworn in and hadn't posted the normal bond for the office. The lawyer then suggested a public suit against the man for impersonating an officer.

When the grand jury met at Pineville later in the month, Cornn was well prepared. He had even compiled a list of witnesses. But unfortunately his preparations had become known. At the door of the jury room he was stopped by two deputies and refused admission.

The Law's Delays

D. L. waited until the grand jury moved to Middlesboro the next week. Then he arose before dawn one morning, drove the fourteen miles to Middlesboro, and was inside the jury room before the door guards had arrived. Circuit Judge T. Grant Forester, a favorite of the Ball brothers, was presiding, and it was mid-afternoon before Cornn was allowed to make a statement. The grand jury promptly returned three indictments against the deputy.

When the case came up for trial, however, not one of the seven witnesses to the incident had been summoned. Although all were local people, the sheriff stuck to his claim that they couldn't be found. After much wrangling, Cornn persuaded Judge Forester to give him the subpoenas. D. L. then hired a deputy with his own money, and within a week all seven witnesses had been served.

When the case came up again, the defense asked more time to prepare and was granted a postponement. That was just the start. "All together," Cornn recalls, "they postponed the trial seven times before they saw I wasn't going to give up." Defense requests for postponement were never questioned by Judge Forester, nor were they fought by the prosecuting commonwealth attorney, a Ball protegé named Daniel Boone Smith.

Eventually, however, even the defense tired of the persistent Citizen Cornn. When the trial of the deputy came up for the eighth time, there was

no postponement. Judge Forester called the jury. D. L. Cornn, sitting in the courtroom, momentarily tasted something akin to success.

As the jury was being seated, Daniel Boone Smith called Cornn aside. "You've got a clear case against this man," Cornn reports the Commonwealth Attorney as saying. "But you won't make yourself a thing in the world by sending him to the pen. And you can get a nice sum of money if you drop the case."

The suggestion, coming as it did from the public servant prosecuting for Cornn, surprised D. L. But his answer was firm. There would be no settlement. The same flat rejection followed a similar whispered offer from the assistant clerk of the circuit court.

Then the trial was officially under way. Daniel Boone Smith rose and approached the jury box. He strolled up and down before the jury several times, eying each member closely. Cornn clearly recalls his first words, as he turned to Forester on the bench:

"Judge, I move that the case be dismissed."

"Motion granted," said Forester.

Cornn sat in stunned silence, months of effort turned to nothing in a matter of seconds. Slowly, he felt the full impact of the Ball machine—the futility of any real justice in a system where the sheriffs, the judges, and the commonwealth attorneys all owed their elected positions, and therefore their allegiance, to the machine. "That day," Cornn now says, "I went into politics."

Mop & Broom

Several friends had already asked Cornn to join the Pineville Citizens League. Now he not only reversed his previous decision and joined but promptly assumed a major share of the leadership. His abiding indignation and his perseverance soon had their influence on an organization that had been, at best, ineffectual.

In January, 1944, D. L. and other members of the Citizens League founded the Mop & Broom Party. It was partly a publicity stunt. But it also gave league members some degree of legal political status—the importance of which was to be emphasized later, when the Ball forces carried the Mop & Broom to the Kentucky Court of Appeals at least four times in attempts to break it up.

The Mop & Broom Party was dedicated to supporting good-government candidates, both Republicans and Democrats, and to supporting such local-option measures as prohibition. In both fields, the new party was destined to clash with the Ball machine.

Pineville had been dry by local option for some time. But the wet vote was always strong in spite of the predominant Baptist faith of the people. And wet or dry, the block of saloons on Pine Street operated full blast. Officials explained their indifference by citing the strong minority vote. The thought that the Ball machine didn't want enforcement of the dry law apparently never crossed their minds.

The next wet-dry election came in the spring of 1944, and the Mop & Broom Party went all-out for a powerful showing to force official action against the Pine Street syndicate. When the results were in, Pineville had again voted dry. But the margin of victory was no greater than it had ever been. Cornn, who had become increasingly aware of the overwhelming dry sentiment in the area, conducted a spot check in one small precinct. Within a few hours, he had found twenty-four people who said they hadn't voted, but for whom ballots had been cast.

Armed with this fact, D. L. needed little time to convince the next meeting of the Citizens League that the key to future success lay in honest supervision of election procedures. Unless the Mop & Broom Party could gain access to the polling stations and tabulating rooms, he said, it might as well fold up.

The Ball-dominated county elections commission had already refused any such access, as it had refused more formal requests for appointment of Mop & Broom representatives as election

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officials. Cornn and his co-workers decided to take their case to the courts.

County Judge John Matt Pursifull, whose ownership of property on Pine Street had earned the saloon block the title of Pursifull Row, refused to recognize the new party. Circuit Judge Forester, not unexpectedly, followed suit. It was a long, uphill fight before the Court of Appeals granted a hearing. But the result was a court order forcing appointment of Mop & Broom members as official observers in all Bell County elections.

While the court battle dragged on, D. L. Cornn had his second and most violent direct clash with the Ball interests. When it was over, two men were dead and a third was in prison.

Alarums and Excursions

It was a cool evening in May, 1944, and Cornn and his wife decided to stroll downtown. Quite unconsciously, the pair turned a corner and found themselves on Pursifull Row. Through open doors, they could hear the clink of glasses, and the tha-rump . . . click, click, click of the slot machines. Directly ahead of them, two armed men slumped against a building, cursing drunkenly. A third man swayed at the curb, glanced up at the newcomers, and proceeded to relieve himself in the gutter.

Cornn marched his wife home. Then he headed for the office of Mayor J. H. Brooks. Like every other official in Bell County, Brooks could credit his election to the Ball machine, but the mayor had privately told D. L. he had no use for the brothers. Cornn angrily recounted what he had just witnessed, and demanded immediate action.

Quietly, Mayor Brooks outlined his predicament: The sheriff was a machine man, and so were most members of the town police force. They'd just laugh at him if he ordered them out. About all he really had was the power to deputize in case of emergencies. The mayor opened his desk drawer, took out two guns, and handed one to Cornn. "You are hereby deputized," he said. "Let's go get them."

The mayor said he could count on only two members of his police force. He called them into his office. Cornn recalled the interest of two state highway patrolmen in the Citizens League. Their names were Houston Green and Hayes Page. He telephoned them, and they agreed to go along if clearance was obtained from state headquarters. Cornn called Frankfort and was informed by an old friend at headquarters that what patrolmen did in their off hours was their own business. Green and Page were promptly deputized. Then the raiding party started off.

Before the night was over, they had closed the doors of five saloons, confiscated 296 cases of beer, and hauled off a load of slot machines to City Hall. The raiding party's size had little to do with the lack of opposition it met. Rather, it was the fact that both Green and Page wore their uniforms, giving the raid seeming state authorization. While the syndicate felt completely free to deal with local irritants as it saw fit, it had no desire to get mixed up with the State of Kentucky.

By the next morning, however, the syndicate had learned the true roles played by Green and Page on Pursifull Row a few hours earlier. D. L. Cornn was working at the garage when the highway patrol car, Green and Page in it, pulled up next to the gas pumps. "We've been warned," Green told D. L. "They're out to get us."

"I guess I was about the last man ever talked to Houston Green," Cornn says. The two patrolmen drove downtown, parked in front of Brown's drugstore, and started inside. They were stopped by two men. Arthur Smith, the one-armed proprietor of the Happy Landing, began to curse Page for raiding his place.

Suddenly Smith's companion, Matt Shelton, opened fire on Green, killing him before he could make a move for his gun. Shelton then turned his pistol on Hayes Page, and Page went down with a slug through the neck and another in the chest.

"We never knew young Page could shoot," Cornn says, "but that boy jerked out his gun, flat on his back, and went to work. He rolled to one side and snapped off two shots, killing Shelton. Then he rolled over on the other side and shot again. It caught Smith across the belly, skinning his hide. Blood squirted down his pants legs and he ran off screaming he was dying."

An ambulance rushed Page to the Pineville hospital for immediate surgery. According to Cornn's account, a loaded pistol was placed beside the operating table, in case the syndicate should try again. Two hours later, the doctor reported that Page would live.

Arthur Smith was picked up on a murder charge and brought before Judge Pursifull. Pursifull quickly released him on $5,000 bond. He also issued a murder warrant for Page.

The State and the Machine

Meanwhile, Frankfort had been informed. About forty highway patrolmen descended on Pineville, along with State Attorney General Eldon Dummitt. Dummitt put his staff to work preparing the murder case against Smith, and announced that slot machines, which had now vanished, would be confiscated if they ever reappeared in Bell County. State patrolmen were dispatched to the hospital to place a twenty-four-hour guard on Hayes Page, and Governor Simeon S. Willis overturned Pursifull's murder warrant against the officer with a full pardon.

The state authorities pressed for action and got it. Within a month, Arthur Smith was indicted for murder. A Bell County grand jury returned indictments against John Matt Pursifull on three counts—malfeasance, neglect of duty, and mutilating records. For Smith it eventually meant seven years in prison. For Pursifull it meant the end of a lucrative political career; the machine no longer considered him an asset.

Victory and Defeat

The elimination of two such easily replaceable cogs as Pursifull and Smith, however, could not slow down the Ball machine appreciably. And although the loss of sizable slot-machine revenue was a far more serious matter, D. L. Cornn realized this loss might only be temporary, while the "heat" was on from Frankfort. The time to act was now. And the direction of action, as

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Cornn had earlier insisted, was toward honest election supervision.

By the fall of 1944, the state Court of Appeals had issued its order forcing appointment of Mop & Broom Party members as official observers in all local elections, one to a precinct. Cornn knew that those selected for the approaching elections would be in for a rough time. Although he had never been inside a tabulating room himself, he had heard stories of blatant re-marking of ballots, of former convicts in official capacities, of heavy drinking, and of open display of firearms.

When all the November election returns were in, Cornn and other Mop & Broom observers got together and compared experiences. In one especially notorious precinct, a woman had been selected to serve in the tabulating room, on the theory that even the machine wouldn't think of harming a lady. The theory had proved incorrect, she reported. A man had come up behind her and shoved the lighted tip of his cigar into her bare upper arm. She went out for first aid. When she returned, she found two men in the corner of the room re-marking ballots with assembly-line precision.

Other observers were elbowed into corners, or suddenly surrounded by groups of men arguing disjointedly. One man suspected his coffee had been drugged with sleeping pills. In the light of these reports, the election results were not surprising: Not a single Mop & Broom candidate had won.

In the 1945 and 1946 elections, tactics of the Ball machine varied only in detail. "In one election," Cornn says, "they ran voters in from outside the district in trucks—even some from Tennessee. We didn't have time to check if they were legal, but the election commissioners said they were. Later, we proved they weren't. They even got up on the stand and admitted it. But then they swore they'd voted the Mop & Broom ticket, even though we'd proved the Ball people carted them in, certified them as voters, and carted them home. What with the ballots being secret, the Court of Appeals said it had to take their sworn word for it. And that meant we'd got a lot of illegal votes. So after all that court trouble, we just lost strength."

As Mop & Broom election observers learned to recognize the basic vote-rigging techniques of the Ball machine,

the machine merely instituted refinements. Perhaps the ultimate in subtlety was reached in the wet-dry election of 1946, when more than nine hundred ballots turned up double-voted. To Cornn, it was obvious that the machine people had somehow filled in the wet square on ballots originally voted dry. But although D. L. himself had been an observer in that election, and although he had noticed a strange smudge around the wet "X" on the double-voted ballots, he did not learn how the machine had done it until some weeks later.

It took a Ball man, smug with success, to tell him: Two girls, both machine-appointed tabulators, had accomplished the whole thing. On Election Day they wore black shirts, under which, strapped to their thighs, were open stencil pads. And on the right thumb of each girl was glued a small lead "X." Once seated at the counting table, all they had to do was rest a thumb on a thigh occasionally, then count a few dry-voted ballots, making sure to grasp each so that the thumb fell on top of the blank wet square.

"We couldn't have done anything even if we'd known about it at the time," Cornn says. "The elections commissioners knew all about it, and if we'd pulled up one of the girls' skirts, we'd just have ended up in jail for indecent conduct."

Defeat and Victory

Whatever the exact tactics of the Ball machine, the countermeasures of Mop & Broom observers always seemed insufficient. The result was always the same: complete victory for the machine ticket. By 1947, even dogged D. L. Cornn was discouraged.

More important to a man of Cornn's bent were the threats. When they'd started, a year before, they were little more than vague rumors, relayed by friends. D. L. refused to be perturbed even when the threats assumed the form of anonymous telephone calls warning him to lay off, or else. Then the callers became more specific. His home might be bombed, his wife beaten, his sons kidnaped and thrown down an abandoned mine shaft. Mayor Brooks stopped by one day and made him promise that no one in the family would leave the house on a certain night. Mrs. Cornn learned of the threats and became increasingly upset.

Finally, more concerned for his wife's health and his family's welfare than discouraged by the continuing success of the Ball syndicate, D. L. Cornn quit politics. And with him, many felt, went the last lingering hope of the people of Pineville vs. the Ball machine.

A year later, however, the state legislature at Frankfort revised the boundaries of Kentucky's judicial districts. It was a routine piece of business, but Bell County was somehow included in a new district. Judge T. Grant Forester and Commonwealth Attorney Daniel Boone Smith were dispatched elsewhere. Governor Earle C. Clements appointed R. L. Maddox, a lawyer who had long been prominent in the Middlesboro Citizens League, as the new circuit judge.

Maddox, whose appointment was to last only until the first Bell County election in November, 1949, resolved to use his time well. Slot machines were cleaned out, bootleggers jailed, and county voting lists purged. The Ball machine fought him every step of the way, but Judge Maddox was in a position to fight back. By the fall of 1949, Maddox had won. With both the Democratic and Republican nominations for circuit judge in his pocket, his election to a full term was assured.

D. L. Cornn, back in his private world in Pineville, was happy. Vicariously, he rejoiced with Maddox, a man he barely knew. Perhaps his own fight against the machine had been futile. But perhaps the part he had played in curtailing the Ball machine's slot-machine and liquor revenues and in arousing his fellow citizens had opened the way for Maddox's success. No community has ever suffered from a plethora of D. L. Cornns.

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The Marine At His Best

AL NEWMAN

HOLD BACK THE NIGHT, by Pat Frank. *J. B. Lippincott Company.* $3.

"DO NOT be surprised," writes Pat Frank about his 210-page novel, "that the officers and non-coms of Dog Company are, on the whole, decent and responsible young men. An American company is usually a good cross-section of the American people."

It goes without saying that this is a revolutionary concept among the war-fiction-writing fraternity. Until one realizes that Frank was a correspondent on the Italian Front in 1944-1945, it is incredible that it should be held by the author of *Mr. Adam,* a potboiler laden with single entendre concerning the adventures of the only man left with normal sexual powers after an atomic attack on the United States. The titillating *Mr. Adam,* published in 1946, reached 1,350,000 copies in its various editions; *Hold Back the Night* will come nowhere near that figure. But Frank may be satisfied that even if he doesn't pay the rent, this time he has done something fine and true. Here is no glossary of best-selling four-letter filth, no clinical history of rear-area (or peacetime-Army) neuroses. Here is combat, very much as real combat really is.

Hold Back the Night, the story of the retreat of Company D of the First Marine Division from Changjin Reservoir in North Korea toward the evacuation port of Hungnam after the overwhelming Chinese attack of November, 1950, is probably more truth than fiction. (Frank was not there, but apparently he has studied records and consulted officers who were on or near the spot.) Its only plot is survival. Just four characters emerge with any great clarity: Captain Sam Mackenzie, company commander, a professional soldier in the finest sense; Lieutenant Raleigh Couzens, who is captured by the enemy and released after questioning, and who later throws his life away; Sergeant John Ekland, a young idealist who wants a commission and deserves one; and a bottle of Scotch that no one (false note!) will drink.

The Talking War

From Erich Maria Remarque onward, war novelists, playwrights, and movie scenarists have treated us to the spectacle of the talky infantryman. Even under the heaviest fire, this character is profane, witty, pathetic, or profound, but always he is voluble, and his voice overrides the cracking roar of the exploding shell and the furious din of automatic weapons. In *The Naked and the Dead,* Norman Mailer went his predecessors one better by inventing the infantryman who carries race prejudice into the front lines and who manages to voice his hatred of certain comrades in situations of direst danger.

Frank avoids such nonsense. He appears to realize that there is no such thing as "good, realistic" combat dialogue, that the cutting edge of an armed force is an area of moist palms and dry throats. He realizes that the tendency of troops in a fire fight is not to loathe the "Jew-boy" in the next foxhole but to join him there in fear and an anguished desire for companionship in the face of peril. One of the great problems of company-grade officers always has been to keep their men from bunching up under fire.

Frank has drawn his combat officers superlatively well. They are men who realize that a lieutenant's or captain's bars never once turned aside a bullet or a shell fragment. Being acutely conscious of mortality, they have lost any arrogance and rank-consciousness they may have had, and have learned an intense solicitude for the welfare of the enlisted men they command, knowing that upon those men their lives and success as officers depend. It is not popular to "glorify" officers of any description, and *Hold Back the Night* will never become a Broadway play or even a musical comedy; but Frank's combat officers are the way good American combat officers were, are, and always will come to be if they are to stay alive and exercise effective command in battle.

Proper Facilities

One of Frank's comments on how we Americans fight a war is quotable indeed:

"They had everything, there along the reservoir, everything except women. Everything had come up behind them from Wonsan, even the mobile generators. That was American efficiency. That was the way this generation of Americans liked to fight their wars—with all modern conveniences. If death came they could accept it, providing it was a clean, antiseptic death, preferably in the shining aluminum shell of a fighter plane in the clean sky, or the shining steel armor of a ship in the clean sea. The high command recognized that Korea was filth, the anal passage of Asia, which American foot soldiers would consider an unfit place to die in unless proper facilities were provided. . . ."

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All Quiet In New Hampshire

MELVIN S. WAX

CLAREMONT

FOR A FEW DAYS the silence that has settled here in New Hampshire seemed even more unnatural than the preceding clamor that went with the Presidential primary. But now nothing much is happening here to interest the world outside our borders, and most of us are settling down to the usual routine of the season—taking down the storm windows, watching the rivers rise as the snow melts on the hillsides, and contemplating spring plowing and planting.

Chosen People

Now that New Hampshire is no longer "the microcosm of American public opinion," we can venture out of doors without expecting to have our hands clasped by an assortment of out-of-staters who want to be President. No one invites us to show off in front of television cameras any more, and when we turn on our radios we no longer hear a mellow voice telling the world that the people of New Hampshire are really just like people everywhere else, in a way that made us feel totally unlike ourselves.

For a while we were encouraged to believe that we were not at all like people everywhere. Many of us are in the habit of buying Boston and New York papers as well as our own, and we read the national magazines. They almost had us convinced that we had been chosen to be a race apart, a peculiar people above all the nations that are upon the earth.

Even our governor, Sherman Adams, informed us that what we did on Primary Day was being watched with the greatest concern by the Kremlin.

All this attention, of course, was flattering. Every nuance of our mood was observed by more than a hundred newspaper and radio reporters, including six from London and two from Paris. The visiting reporters and some of our own newspapers conducted what they called surveys. The Manchester *Union-Leader,* which supported Taft, predicted that Taft would win. The Concord *Monitor,* which supported Eisenhower, predicted that Eisenhower would win. Our own indecision refreshed the traumatic memory of what had happened in 1948 and made most of the visiting experts wary.

This time they really went to the grass roots. To an ace reporter from one of the wire services, a grass root usually consists of a local political writer. The ace reporters asked the local political writers how they thought the vote was going to go. Some of the local political writers told the ace reporters that they just plain didn't know the answer to that one; others squinched up their eyes thoughtfully and gave the ace reporters their personal interpretations of what they had read in the Boston and New York newspapers and in the national magazines. The ace reporters wrote down what they heard, and filed authoritative reports to the Boston and New York newspapers and the national magazines.

Kefauver for Constable

One New Hampshire political writer went out on a limb and told an ace reporter that he thought Estes Kefauver had a good chance to win. He had heard Kefauver speak and had watched him campaign. "He acts as if he's running for constable," the New Hampshire political writer told the ace reporter. "He walks up Main Street and shakes hands with everybody he meets. The strategy is sound." The ace reporter shook his head and said that Truman had the machine vote behind him and couldn't lose. Naturally, the New Hampshire political writer backed down right away and admitted that the outsider was probably right.

Most of the visiting reporters arrived only a few days before the voting, just about the time Senator Taft arrived. Taft chartered busses to take the press along with him on his three-day tour of the state. It was a pretty big show for New Hampshire, and a lot of people turned out to see it. The reporters on the busses wrote that Taft had gained strength.

Quite a few of the visiting reporters arrived two and three weeks ahead of the voting in order to take a careful reading of local opinion. Some of them even went so far as to visit a general store. "A general store," they told themselves with satisfaction, "that's the place to find out what the people are really thinking!" The people in the general stores, flattered to find themselves sought out as "observers" and "local political experts," said that they guessed maybe they liked Ike, or Taft, or Truman, or that it would be a pretty close thing.

Black Feathers and Salt

The reporters worked hard for the most part, but once again it was apparent that the machinery used these days to record public opinion has itself such an effect on public opinion that the results have to be taken with a few grains of salt. After the Presidential election of 1948 a great many of the experts had to eat crow. They're being more careful this time, but they may find themselves sitting down to some similar meals this year. The New Hampshire primary was only an appetizer.

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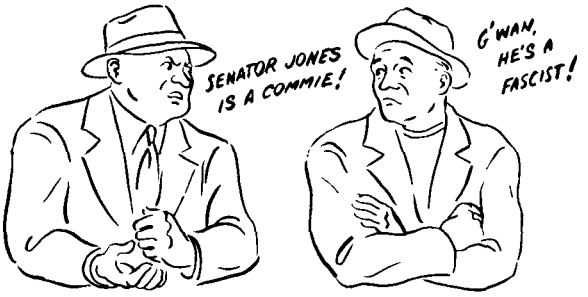
Some people measure news importance by the size of headlines:

Some people wait for the perspective of history:

Some people ask the man on the street:



Some people want evaluated, accurate, balanced news-history NOW:

Some people read everything they can get their hands on:

Some people read only what has been digested to the vanishing point:

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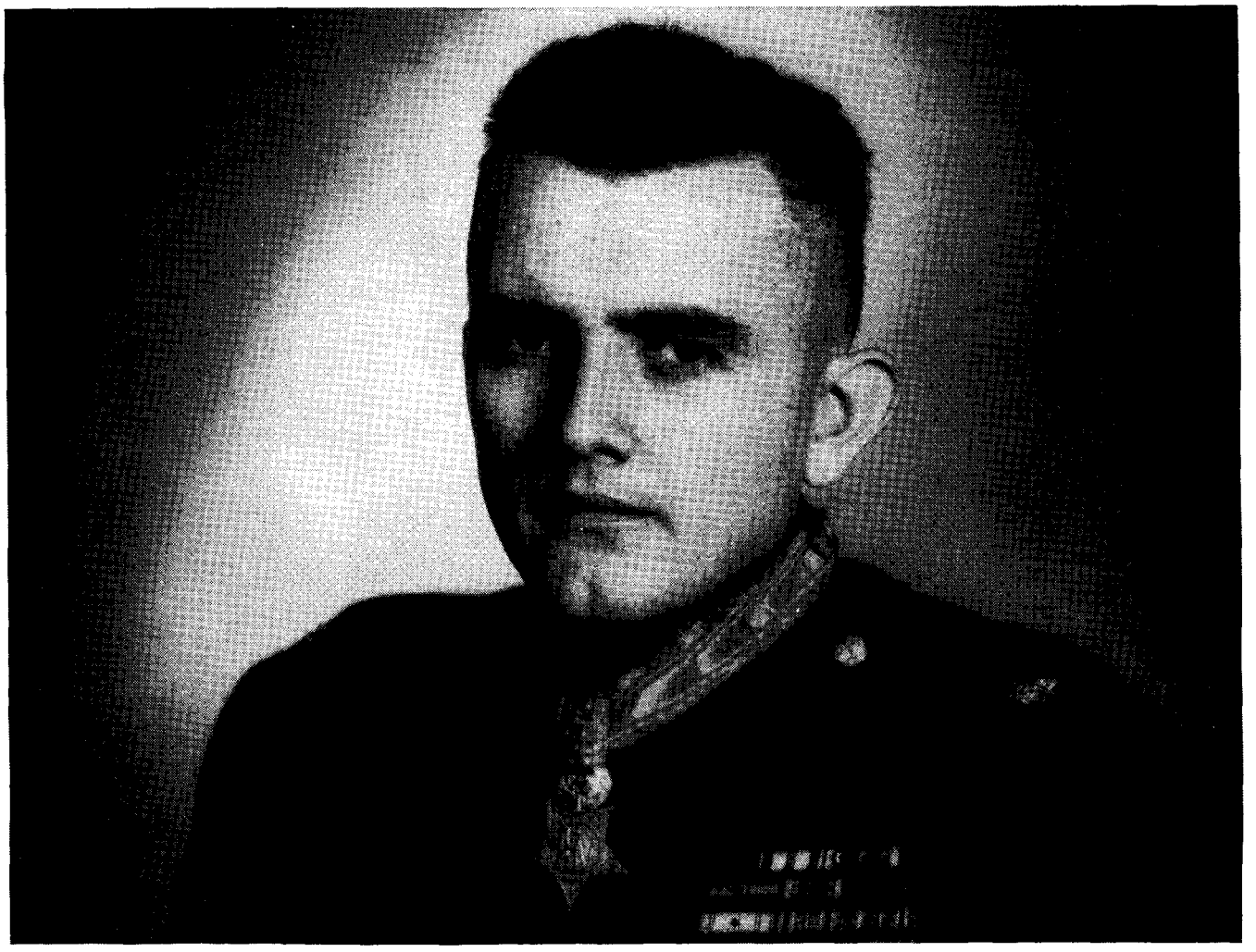
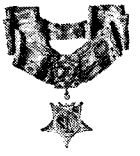


Major Carl L. Sitter, USMC  Medal of Honor

THE HILL WAS STEEP, snow-covered, 600 feet high. Red-held, it cut our lifeline route from Hagan-ri to the sea; it had to be in our hands.

Up its 45-degree face, Major Sitter led his handful of freezing, weary men—a company against a regiment! The hill blazed with enemy fire. Grenade fragments wounded the major's face, chest, and arms. But he continued heading the attack, exposing himself constantly to death, inspiring his men by his personal courage. After 36 furious hours the hill was won, the route to the sea secured. Major Sitter says:

"Fighting the Commies in Korea has taught me one thing—in today's world, *peace is only for the strong!* The men and women of America's armed forces are building that strength right now. But we need your help—and one of the best ways you can help us is by buying United States Defense Bonds.

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★ ★ ★

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